CITY OF INVER GROVE HEIGHTS

A G E N D A

CITY COUNCIL WORK SESSION

SEPTEMBER 6, 2017 6:00 PM

INVER GROVE HEIGHTS CITY HALL
COUNCIL CHAMBERS

A. CALL TO ORDER – MAYOR TOURVILLE

1. **2018 BUDGET**
2. **UPDATE ON EMERALD ASH BORER MANAGEMENT PLAN**
3. **SHARED ARBOR POINTE STREET LIGHTING SYSTEM REPLACEMENT**
4. **PAVEMENT MANAGEMENT PROGRAM DISCUSSION**

B. ADJOURN

AGENDA ITEM ____________

CITY OF INVER GROVE HEIGHTS **REQUEST FOR COUNCIL ACTION**

2018 Budgets – Updated Information, Allocations, Fund Balances, Cash Balances and Debt Service

Meeting Date:	September 6, 2017		**Fiscal/FTE Impact:**
Item Type:	Work Session		None
Contact:	Kristi Smith 651-450-2521		Amount included in current budget
Prepared by:	Kristi Smith, Finance Director		Budget amendment requested
Reviewed by:	Joe Lynch, City Administrator		FTE included in current complement
			New FTE requested – N/A
		X	Other – 2018 Budget

PURPOSE/ACTION REQUESTED
To provide updated information, allocations and review fund balances, cash balances and debt service.

SUMMARY
Updated Information
Updated fiscal disparity and tax increment financing (TIF) information has been received from Dakota County and is incorporated into the Exhibits. In addition, the additions request for transfer for Emerald Ash Borer (EAB) has been reduced from $11,200 to $9,700.
Updated pages are included for Exhibits A, C, D, E & F; General Fund Summary and Transfers.

Allocations
Included within the packet is a summary of internal service fund descriptions, basis for allocations and significant changes as well as comparison of allocations from 2017 to 2018 by fund and department.

Fund Balances/Cash Balances
In accordance with the Fund Balance Policy, cash and fund balances are being reported as of December 31, 2016 and cash balances are being reported as of July 31, 2017.

The Fund Balance Policy was modified in 2014. The City has a target unassigned fund balance in the General Fund of 40-45% of expenditures in the subsequent year's budget of the General Fund. The 2018 Base Budget provides 43% of expenditures in fund balance and the 2018 Base Budget plus Additions provides 41% of expenditures in fund balance. Use of fund balance for ongoing operation costs is not sustainable long-term. I do not recommend any additional use of General Fund fund balance for the 2018 Budget.

Debt Service
Standard & Poor's Ratings Services assigned a 'AA' long-term rating and stable outlook to the General Obligation Capital Improvement Refunding Bonds, Series 2016A and General Obligation Sewer Revenue Refunding Bonds, Series 2017A issuances. S&P's rationale included:

- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 57% of operating expenditures;
- Very strong liquidity, with total government available cash at 2.2x total governmental fund expenditures and 14.1x governmental debt service, and access to external liquidity we consider strong;

Two new debt issuances were approved by Council since the last budget related debt discussion. The following includes details on each of the issuances:

On December 29, 2016, the City issued $8,515,000 General Obligation Capital Improvement Refunding Bonds, Series 2016A. These bonds refinanced the General Obligation Capital Improvement Bonds, Series 2009A. The final maturity remains as February 2, 2034, however, the net present value benefit is $838,456.60.

General Obligation Sewer Revenue Refunding Bonds, Series 2017A were dated January 12, 2017. These bonds refinanced the General Obligation Sewer Revenue Bonds, Series 2010A. This issue will be discussed at the November 6, 2017 work session.

The last page shows a summary of the city's bonds and includes purpose of bond, original issuance amount, outstanding balance at December 31, 2017, payments due in 2018, final maturity, July 31, 2017 cash balance, certified levy amount, change in levy, contribution from Closed Bond Fund as well as funding sources. Water and Sewer related debt will be discussed at the November 6, 2017 work session as those funds will again be budgeted.

Included in the 2018 budget:

Debt Service Levies Required	$2,120,144
Increase (Reduction) in Levy	19,166
Closed Bond Fund Contribution	(200,000)
Adjusted Debt Service Levies Required	$1,939,310

Debt service levies account for 9.1% of the city-wide levies.

Exhibit A

CITY OF INVER GROVE HEIGHTS
2018 BUDGET CALENDAR - 8/31/17

May 1, 2017	Budget Work Session Initial discussion, review/revise calendar, establish direction
August 7, 2017	Budget Work Session Introduction of preliminary 2018 General Fund budget
August 21, 2017	Budget Special Work Session Presentations of General Fund requested budget additions
September 6, 2017 (Wednesday)	Budget Work Session Cash balances, fund balances and reserves, Debt Service Handouts - Base Budget Benefited Positions by Department, Base Budget FTE Benefited Positions and Base Budget Hours and FTE Non-Benefited Positions
September 11, 2017	**City Council** **Adopt 2018 Proposed Budgets & Tax Levies**
September 29, 2017	Final Date to Certifity Proposed Tax Levies & Budgets to Dakota County
October 2, 2017	Budget Work Session Recreation, Community Center, Golf, ADA, EDA and TIF Funds
November 6, 2017	Budget Work Session Water, Sewer, Storm Water, Internal Service Funds, Central Equipment Replacement and CIP
Between 11/10 and 11/24	Dakota County sends out Parcel Specific Notices for Budget Meeting
December 4, 2017	Budget Work Session Final review of 2018 budget and tax levy
December 11, 2017	**City Council Truth-in-Taxation Public Hearing** **Adopt Pay 2018 Final Budgets & Tax Levies**
December 28, 2017	**Final Date to Certify Final Tax Levies & Budgets to Dakota County**

CITY OF INVER GROVE HEIGHTS
2018 BUDGET
PROPOSED TAX LEVIES

	2015 Adopted	2016 Adopted	2017 Adopted	2018 Base	2018 Additions	2018 Proposed	2017 Adopted - 2018 Base+Additions: $ Change as Percentage	$ Change
Operating Levies -								
General Tax Levy (subject to Levy Limit)	14,908,500	15,897,800	16,973,400	18,300,900	1,024,100	19,325,000 *	13.85%	2,351,600
Subtotal Operating Levies	14,908,500	15,897,800	16,973,400	18,300,900	1,024,100	19,325,000	13.85%	2,351,600
Debt Levies								
326 MN Armory Bldg Comm.	63,735	19,600	-	-	-	-		-
City Share of Assessments	233,023	235,201	234,058	205,074	-	205,074	-12.38%	(28,984)
362 2014B G.O. Improvements Bonds	150,000	122,500	150,000	-	-	-	-100.00%	(150,000)
(Contribution from Closed Bond Fund for						-		
Reduction to 2014B Debt Levy)	(27,500)	-	-	-	-	-		-
364 2014B G.O. Improvement Bonds	250,000	290,000	445,000	456,482	-	456,482	2.58%	11,482
(Contribution from Closed Bond Fund for						-		
Reduction to 2014B Debt Levy)	(27,500)	-	-	-	-	-		-
367 2016A ~~2009A~~ G.O. Capital Improvement Bonds	559,800	674,000	642,800	600,272	-	600,272	-6.62%	(42,528)
(Contribution from Closed Bond Fund for						-		
Reduction to 2016A Debt Levy)	(200,000)	(200,000)	(200,000)	(200,000)	-	(200,000)	0.00%	-
355 2010B G.O. Improvement Bonds	172,700	110,000	195,000	195,000	-	195,000	0.00%	-
356 2010C PIR Refunding Bonds	56,308	46,942	-	-	-	-		
358 2011A G.O. Improvement Refunding Bonds	175,000	123,819	99,200	-	-	-	-100.00%	(99,200)
365 2015A G.O. Bonds	-	635,388	634,334	682,482	-	682,482	7.59%	48,148
Subtotal City-wide Debt Levies	1,405,566	2,057,450	2,200,392	1,939,310	-	1,939,310	-11.87%	(261,082)
City-Wide Levies	**16,314,066**	**17,955,250**	**19,173,792**	**20,240,210**	**1,024,100**	**21,264,310**	**10.90%**	**2,090,518**
WMTD Levies							5.56%	base only incr., no additions
357 2010C Storm Water Bonds								
Simley Lake	45,683	48,745	24,033	-	-	-	-100.00%	(24,033)
360 2012A Storm Water Refunding Bonds								
Cuneen Trail/College Trail	109,095	18,200	-	-	-	-		-
421 2001-02 70th Street Recon Cahill Ave to Concord Blvd								
Babcock Trail	-	-	-	22,230	-	22,230		22,230
South Grove	-	-	-	41,285	-	41,285		41,285
70th Street	-	-	-	15,879	-	15,879		15,879
WMTD Levies	154,778	66,945	24,033	79,395	-	79,395	230.36%	55,362
Total	16,468,844	18,022,195	19,197,825	20,319,605	1,024,100	21,343,705	**11.18%**	2,145,880
* Levy Limit Amount	N/A	N/A	N/A	N/A	N/A	N/A		

Exhibit D

CITY OF INVER GROVE HEIGHTS
2018 BUDGET
COMPARISON OF 2015, 2016, 2017 ACTUALS, AND 2018 ESTIMATED
CITY TAX CAPACITY RATES

	FINAL PAY 2015	FINAL PAY 2016	FINAL PAY 2017	**CONSTANT TAX RATE** Estimated Tax Levy With Change to Levies To Keep Tax **Rate** the Same as 2017 ESTIMATED PAY PAY 2018	**BASE BUDGET** Estimated Tax Levy With Change to Levies To Include the **Base Budget Only** ESTIMATED PAY PAY 2018	**BASE PLUS ADDITIONS** Estimated Tax Levy With Change to Levies **Base Budget Plus Additions** ESTIMATED PAY PAY 2018
TOTAL TAX CAPACITY (1)	$35,625,624	$37,895,077	$38,621,959	$41,950,967	$41,950,967	$41,950,967
LESS: TAX INCREMENT (2)	(1,870,734)	(1,824,068)	(1,520,645)	(1,569,193)	(1,569,193)	(1,569,193)
LESS: FISCAL DISPARITIES CONTRIBUTION VALUE (3)	(3,757,226)	(3,798,544)	(4,008,341)	(3,977,498)	(3,977,498)	(3,977,498)
NET CITY TAX CAPACITY	$29,997,664	$32,272,465	$33,092,973	$36,404,276	$36,404,276	$36,404,276
GROSS CITY-WIDE TAX LEVY	$16,314,066	$17,955,250	$19,173,792	$21,246,635	$20,240,210	$21,264,310
LESS CITY-WIDE FISCAL DISPARITIES DISTRIBUTION (4)	(1,919,284)	(2,063,774)	(2,259,396)	(2,446,011)	(2,446,011)	(2,446,011)
CITY-WIDE TAX LEVY	$14,394,782	$15,891,476	$16,914,396	$18,800,624	$17,794,199	$18,818,299
CITY TAX CAPACITY RATE	0.48131	0.49266	0.51644	**0.51644**	**0.48879**	**0.51693**
RATE INCREASE (DECREASE)	0.06374	0.01135	0.02378	**0.00000**	**-0.02765**	**0.00049**
PERCENT INCREASE (DECREASE) IN RATE	15.26%	2.36%	4.83%	**0.00%**	**-5.35%**	**0.09%**
CHANGE FROM 2017 TAX LEVY				$2,072,843	$1,066,418	$2,090,518

ASSUMPTIONS:

(1) THE ESTIMATE OF TAX CAPACITY FOR 2018 IS DAKOTA COUNTY'S DATA AS OF 2/24/17.
(2) THE TAX INCREMENT INFORMATION IS FROM DAKOTA COUNTY AS OF 8/17/17.
(3) THE FISCAL DISPARITIES INFORMATION IS FROM DAKOTA COUNTY AS OF 8/21/17.
(4) THE FISCAL DISPARITIES INFORMATION IS FROM DAKOTA COUNTY AS OF 8/17/17.

CITY OF INVER GROVE HEIGHTS

TAX COMPARISON 2017 VS 2018 CITY TAXES ONLY - BASE BUDGET ONLY

MEAN

RESIDENTIAL HOMESTEAD VALUE =	$	266,680
2017 TAXABLE MARKET VALUE =	***$***	***251,074***
2017		
Tax Capacity -		
1.00% of $ 251,074 =		2,511
Tax Capacity		2,511
x 2017 Rate		0.51644
2017 City Tax		$1,296.65
RESIDENTIAL HOMESTEAD VALUE =	$	266,680
0.00% Increase in value		
2018 TAXABLE MARKET VALUE =	***$***	***251,074***
2018		
Tax Capacity -		
1.00% $ 251,074 =		2,511
Tax Capacity		2,511
x Est. 2018 Rate		0.48879
Est. 2018 City Tax		$1,227.22
Difference		($69.42)
Percent change		-5.35%

MEDIAN

RESIDENTIAL HOMESTEAD VALUE =	$	232,250
2017 TAXABLE MARKET VALUE =	***$***	***215,259***
2017		
Tax Capacity -		
1.00% of $ 215,259 =		2,153
Tax Capacity		2,153
x 2017 Rate		0.51644
2017 City Tax		$1,111.68
RESIDENTIAL HOMESTEAD VALUE =	$	232,250
0.00% Increase in value		
2018 TAXABLE MARKET VALUE =	***$***	***215,259***
2018		
Tax Capacity -		
1.00% of $ 215,259 =		2,153
Tax Capacity		2,153
x Est. 2018 Rate		0.48879
Est. 2018 City Tax		$1,052.16
Difference		($59.52)
Percent change		-5.35%

BUSINESS VALUE = $ 586,900	
2017	
Tax Capacity -	
1.5% of 1st $ 150,000 =	2,250
2.0% of $ 436,900 =	8,738
Tax Capacity	10,988
Less Fiscal Disparities	(4,551)
	6,437
x 2017 Rate	0.51644
2017 City Tax	$3,324.32
BUSINESS VALUE = $ 586,900	
0.00% Increase in value	
2018	
Tax Capacity -	
1.5% of 1st $ 150,000	2,250
2.0% of $ 436,900	8,738
Tax Capacity	10,988
Less Fiscal Disparities Est.	(4,551)
	6,437
x Est. 2018 Rate	0.48879
Est. 2018 City Tax	$3,146.34
Difference	($177.98)
Percent change	-5.35%

BUSINESS VALUE = $ 3,065,500	
2017	
Tax Capacity -	
1.5% of 1st $ 150,000 =	2,250
2.0% of $ 2,915,500 =	58,310
Tax Capacity	60,560
Less Fiscal Disparities	(23,609)
	36,951
x 2017 Rate	0.51644
2017 City Tax	$19,082.98
BUSINESS VALUE = $ 3,065,500	
0.00% Increase in value	
2018	
Tax Capacity -	
1.5% of 1st $ 150,000	2,250
2.0% of $ 2,915,500	58,310
Tax Capacity	60,560
Less Fiscal Disparities Est.	(23,609)
	36,951
x Est. 2018 Rate	0.48879
Est. 2018 City Tax	$18,061.28
Difference	($1,021.70)
Percent change	-5.35%

Exhibit F

CITY OF INVER GROVE HEIGHTS

TAX COMPARISON 2017 VS 2018 CITY TAXES ONLY - BASE BUDGET PLUS ADDITIONS

MEAN

RESIDENTIAL HOMESTEAD VALUE =	$	248,247
2017 TAXABLE MARKET VALUE =	***$***	***231,176***
2017		
Tax Capacity -		
1.00% of $ 231,176 =		2,312
Tax Capacity		2,312
x 2017 Rate		0.51644
2017 City Tax		$1,193.89
RESIDENTIAL HOMESTEAD VALUE =	$	266,680
7.43% Increase in value		
2018 TAXABLE MARKET VALUE =	***$***	***251,074***
2018		
Tax Capacity -		
1.00% $ 251,074 =		2,511
Tax Capacity		2,511
x Est. 2018 Rate		0.51693
Est. 2018 City Tax		$1,297.88
Difference		$103.99
Percent change		8.71%

MEDIAN

RESIDENTIAL HOMESTEAD VALUE =	$	213,550
2017 TAXABLE MARKET VALUE =	***$***	***194,834***
2017		
Tax Capacity -		
1.00% of $ 194,834 =		1,948
Tax Capacity		1,948
x 2017 Rate		0.51644
2017 City Tax		$1,006.20
RESIDENTIAL HOMESTEAD VALUE =	$	232,250
8.76% Increase in value		
2018 TAXABLE MARKET VALUE =	***$***	***215,259***
2018		
Tax Capacity -		
1.00% of $ 215,259 =		2,153
Tax Capacity		2,153
x Est. 2018 Rate		0.51693
Est. 2018 City Tax		$1,112.74
Difference		$106.54
Percent change		10.59%

BUSINESS VALUE = $ 563,700	
2017	
Tax Capacity -	
1.5% of 1st $ 150,000 =	2,250
2.0% of $ 413,700 =	8,664
Tax Capacity	10,914
Less Fiscal Disparities	(4,477)
	6,437
x 2017 Rate	0.51644
2017 City Tax	$3,324.32
BUSINESS VALUE = $ 586,900	
4.12% Increase in value	
2018	
Tax Capacity -	
1.5% of 1st $ 150,000	2,250
2.0% of $ 436,900	8,738
Tax Capacity	10,988
Less Fiscal Disparities Est.	(4,477)
	6,511
x Est. 2018 Rate	0.51693
Est. 2018 City Tax	$3,365.73
Difference	$41.41
Percent change	1.25%

BUSINESS VALUE = $ 3,058,200	
2017	
Tax Capacity -	
1.5% of 1st $ 150,000 =	2,250
2.0% of $ 2,908,200 =	58,164
Tax Capacity	60,414
Less Fiscal Disparities	(23,463)
	36,951
x 2017 Rate	0.51644
2017 City Tax	$19,082.98
BUSINESS VALUE = $ 3,065,500	
0.24% Increase in value	
2018	
Tax Capacity -	
1.5% of 1st $ 150,000	2,250
2.0% of $ 2,915,500	58,310
Tax Capacity	60,560
Less Fiscal Disparities Est.	(23,463)
	37,097
x Est. 2018 Rate	0.51693
Est. 2018 City Tax	$19,176.56
Difference	$93.58
Percent change	0.49%

City of Inver Grove Heights
General Fund Budget Summary
For Fiscal Year 2018

Account Description	Actual 2015	Actual 2016	2016 Amended Budget	2017 Adopted Budget	2017 Amended Budget	2018 Base Budget	2018 Requested Additions	2018 Preliminary Budget	2019 Preliminary Budget
GENERAL FUND REVENUES									
TAX REVENUE	15,146,879	16,077,810	15,907,800	16,988,400	16,988,400	18,315,900	1,024,100		19,589,100
LICENSES AND PERMITS	844,005	1,133,121	1,147,800	1,173,100	1,173,100	1,131,800	-		1,154,400
INTERGOVERNMENTAL	671,940	676,129	612,300	618,200	618,200	615,700	-		628,000
CHARGES FOR SERVICES	1,131,891	660,604	1,119,300	1,113,800	1,113,800	1,017,800	-		1,038,200
FINES & PENALTIES	120,029	119,855	136,200	128,800	128,800	140,000	-		142,800
MISC. REVENUES	313,776	85,862	339,500	446,600	446,600	300,800	-		306,800
OTHER SOURCES	300,000	781,575	300,000	200,000	200,000	-	100,000		-
TOTAL GENERAL FUND REVENUES	18,528,520	19,534,956	19,562,900	20,668,900	20,668,900	21,522,000	1,124,100	-	22,859,300
GENERAL FUND EXPENDITURES									
MAYOR-COUNCIL	154,950	198,052	166,700	177,000	177,000	178,900	-		181,500
ADMINISTRATION	646,537	750,453	723,900	743,300	743,300	798,100	9,000		831,000
ELECTIONS	47	82,828	54,500	31,000	31,000	88,800	7,200		92,400
FINANCE	862,104	822,398	838,000	864,700	864,700	915,600	1,500		946,500
COMMUNITY DEVELOPMENT	367,589	401,173	390,200	440,000	440,000	466,300	1,000		486,700
PLANNING	317,211	338,261	343,300	458,700	458,700	339,000	-		353,700
INSPECTIONS	499,374	585,492	620,700	693,000	693,000	747,000	5,300		779,100
POLICE	6,179,805	6,926,143	7,083,300	7,409,000	7,409,000	7,876,000	99,000		8,198,500
FIRE	2,170,265	2,414,199	2,494,800	2,615,600	2,711,700	2,705,800	83,000		2,774,500
PUBLIC WORKS	231,352	226,646	232,500	241,700	241,700	249,100	-		263,100
ENGINEERING	992,144	919,693	994,100	1,021,000	1,021,000	1,066,900	63,800		1,171,300
STREETS	2,417,053	2,449,159	2,561,400	2,541,700	2,601,700	2,641,000	30,500		2,722,000
STREET LIGHTING	148,743	132,941	187,200	197,200	197,200	197,200	-		201,100
PARKS	1,812,977	1,695,806	1,868,700	1,903,600	1,943,600	1,981,400	39,100		2,038,500
CONTINGENCY	-	-	-	-	-	-	100,000		-
TRANSFERS	992,867	1,902,400	1,147,400	1,268,400	1,268,400	1,296,500	684,700		1,819,400
TOTAL GENERAL FUND EXPENDITURES	17,793,018	19,845,644	19,706,700	20,605,900	20,802,000	21,547,600	1,124,100	-	22,859,300
NET REVENUES OVER EXPENDITURES	735,502	(310,688)	(143,800)	63,000	(133,100)	(25,600)	-	-	-

8/31/17

City of Inver Grove Heights
Proposed 2018 Budget

Transfers Summary

Acct Number	Account Description	2015 Actual	2016 Actual	2017 Amended Budget	2018 Base Budget	2018 Department Requested Additions	2018 Council Directed Additions	2018 Preliminary Budget	2019 Preliminary Budget
	OPERATING TRANSFERS OUT	**992,867**	**1,902,400**	**1,268,400**	**1,296,500**	**684,700**	**0**	**1,296,500**	**1,819,400**

City of Inver Grove Heights

Proposed 2018 Budget

Transfers 101.57.9200.590

Acct Number	Account Description	2015 Actual	2016 Actual	2017 Amended Budget	2018 Base Budget	2018 Department Requested Additions	2018 Council Directed Additions	2018 Preliminary Budget	2019 Preliminary Budget
91100	OPERATING TRANSFERS OUT								
	Recreation Fund	331,900	331,900	359,300	353,400			353,400	374,600
	Economic Development Authority	1,900	500	94,100	83,100			83,100	84,800
	Local Improvement Construction Funds	9,067	0	0	0			0	0
	NWA Sewer	0	720,000	0	0			0	0
	Pavement Management Fund	500,000	700,000	665,000	700,000	550,000		700,000	1,200,000
	Parks Capital Replacement Fund	150,000	150,000	150,000	160,000	134,700		160,000	160,000
	OPERATING TRANSFERS OUT	**992,867**	**1,902,400**	**1,268,400**	**1,296,500**	**684,700**	**0**	**1,296,500**	**1,819,400**

Internal Service Fund Descriptions, Basis for Allocations and Signficant Changes

Risk Management, Fund 602 – accounts for all city insurances excluding health, life, dental and long-term disability. Insurance is allocated based on several factors, primarily related to users. LMCIT changed their methodology for charging municipal liability with the renewal for 2014/2015. Previously this was based on water payroll, water gallons, miles of streets, golf course receipts, golf carts, pools, boats, etc. The new methodology is based on land use, sewer backups, employment, police and expenditures and is more reflective of the types of claims LMCIT is receiving. For the 2016/2017 renewal property, mobile and liability coverages only included replacement cost or valuation, not actual premium charged. Estimated premium changes are as follows:

Property -5%	Liability - Expenditures 5%
Mobile 0%	Liability - Land Use -5%
Auto 0%	Liability - Sewer -10%
Bond 0%	Liability - Employee 0%
Worker's Compensation 3%	Liability - Police -5%

Central Equipment, Fund 603 – accounts for vehicle maintenance and replacement, except for the Golf Course. Two allocations are included, one based on replacement schedules, the other for operations. The operations allocation is based on a three year average of fuel usage and repair parts and hours. Beginning in 2015, allocations between internal service funds were removed.

Central Stores, Fund 604 – accounts for general office supplies and copy machine use. The allocations are based on copier use. Beginning in 2015, allocations between internal service funds were removed.

City Facilities, Fund 605 – accounts for costs related to the operation of City Hall. The allocations are based on FTEs and square footage. In 2015 the allocation previously allotted to Mayor and City Council was shifted to Administration. **Currently no funds are being allocated for replacement or for large ticket repair/replacement costs.** Beginning in 2015, allocations between internal service funds were removed.

Technology, Fund 606 – accounts for costs related to technology operations and replacement. Two allocations are included, one based on replacement schedules which were updated for the 2016 budget process but exclude software, the other for operations. Previously the operations allocation was based on PCs, users, dedicated printers/fax/scanners, servers, data storage, SQL servers and VOIP phones. Beginning in 2016 the operations allocation is based on personnel costs and cost of equipment replacement. The 2018 Budget includes $60,000 in 30700-Other Professional Services for hiring of a facilities management company.

2018 Internal Service Fund Allocations
Updated: 8/10/17

	2018 .20750 Risk - WC	2017 .20750 Risk - WC	Increase (Decrease)	2018 .40070 Cent Equip	2017 .40070 Cent Equip	Increase (Decrease)	2018 .40075 City Facilities	2017 .40075 City Facilities	Increase (Decrease)	2018 .50019 Risk - Ins	2017 .50019 Risk - Ins	Increase (Decrease)
101.41.1000.413 Mayor/Council	200	200	-	-	-	-	-	-	-	900	300	600
101.41.1100.413 Administration	4,000	3,800	200	-	-	-	31,700	23,600	8,100	3,700	1,000	2,700
101.41.1200.414 Elections	600	-	600	-	-	-	-	-	-	-	-	-
101.41.2000.415 Finance	4,600	4,500	100	-	-	-	28,800	21,500	7,300	4,000	1,100	2,900
101.45.3000.419 Community Developme	1,900	2,300	(400)	-	-	-	12,900	9,700	3,200	2,300	2,900	(600)
101.45.3200.419 Planning	1,800	2,400	(600)	-	-	-	8,900	6,700	2,200	17,000	37,300	(20,300)
101.45.3300.419 Inspections	3,200	3,700	(500)	40,100	30,800	9,300	22,300	16,600	5,700	17,000	1,700	15,300
101.42.4000.421 Police	201,500	149,500	52,000	391,400	357,400	34,000	314,100	233,100	81,000	35,300	65,100	(29,800)
101.42.4200.423 Fire	103,800	79,400	24,400	584,700	538,900	45,800	62,400	49,400	13,000	30,900	15,000	15,900
101.43.5000.441 Public Works	1,000	1,300	(300)	6,900	4,800	2,100	5,600	4,200	1,400	1,700	900	800
101.43.5100.442 Engineering	4,600	5,500	(900)	30,400	28,900	1,500	31,600	23,600	8,000	5,600	2,100	3,500
101.43.5200.443 Streets	72,100	62,500	9,600	975,500	938,800	36,700	11,100	8,300	2,800	25,700	22,900	2,800
101.44.6000.451 Parks	39,200	28,100	11,100	407,400	359,000	48,400	11,200	8,300	2,900	27,600	84,600	(57,000)
Total General Fund	438,500	343,200	95,300	2,436,400	2,258,600	177,800	540,600	405,000	135,600	171,700	234,900	(63,200)
204.44.6100.452 Recreation	15,600	12,600	3,000	4,700	4,900	(200)	4,500	3,400	1,100	3,100	1,000	2,100
205.44.6200.453 Community Center	58,200	59,500	(1,300)	22,700	22,700	-	-	-	-	55,300	25,100	30,200
290.45.3000.419 EDA	100	100	-	-	-	-	400	300	100	400	100	300
441.74.5900.741 Storm Water	1,700	-	1,700	-	-	-	-	-	-	-	-	-
501.50.7100.512 Water Fund	22,900	21,600	1,300	133,900	129,500	4,400	7,900	4,700	3,200	59,600	16,900	42,700
502.51.7200.514 Sewer Fund	14,700	14,100	600	133,900	129,500	4,400	4,700	3,500	1,200	27,000	25,500	1,500
503.52.8500.526 Inver Wood Golf Cours	18,400	22,300	(3,900)	-	-	-	-	-	-	11,200	12,500	(1,300)
601.57.9300.610 Compensated Absence	-	-	-	-	-	-	-	-	-	-	-	-
602.00.2100.415 Risk Management	100	100	-	-	-	-	-	-	-	-	-	-
603.00.5300.444 Central Equipment	12,100	13,500	(1,400)	-	-	-	-	-	-	8,000	6,100	1,900
604.00.2200.416 Central Stores	-	-	-	-	-	-	-	-	-	-	-	-
605.00.7500.460 City Facilities	3,600	3,600	-	-	-	-	-	-	-	29,400	15,000	14,400
606.00.1400.413 Technology Fund	2,900	2,700	200	-	-	-	-	-	-	-	-	-
454.43.5500.446 Landfill Abatement	1,800	1,600	200	-	-	-	-	-	-	-	-	-
Totals	590,600	494,900	95,700	2,731,600	2,545,200	186,400	558,100	416,900	141,200	365,700	337,100	28,600
	-			-			-			-		

2018 Internal Service Fund Allocations
Updated: 8/10/17

	2018 .60070 Cent Stores	2017 .60070 Cent Stores	Increase (Decrease)	2018 .60071 Technology	2017 .60071 Technology	Increase (Decrease)	TOTAL EXCL W/C 2018	TOTAL EXCL W/C 2017	Increase (Decrease)
101.41.1000.413 Mayor/Council	-	-	-	24,100	24,300	(200)	25,000	24,600	400
101.41.1100.413 Administration	10,300	4,600	5,700	60,300	58,400	1,900	106,000	87,600	18,400
101.41.1200.414 Elections	-	-	-	-	-	-	-	-	-
101.41.2000.415 Finance	29,100	12,200	16,900	41,200	40,300	900	103,100	75,100	28,000
101.45.3000.419 Community Developme	2,000	4,800	(2,800)	52,300	51,800	500	69,500	69,200	300
101.45.3200.419 Planning	800	1,600	(800)	13,100	12,800	300	39,800	58,400	(18,600)
101.45.3300.419 Inspections	2,100	3,000	(900)	49,800	49,000	800	131,300	101,100	30,200
101.42.4000.421 Police	8,000	9,300	(1,300)	428,800	402,500	26,300	1,177,600	1,067,400	110,200
101.42.4200.423 Fire	5,100	3,600	1,500	112,100	114,600	(2,500)	795,200	721,500	73,700
101.43.5000.441 Public Works	900	4,300	(3,400)	12,900	12,700	200	28,000	26,900	1,100
101.43.5100.442 Engineering	3,100	4,700	(1,600)	64,700	64,000	700	135,400	123,300	12,100
101.43.5200.443 Streets	1,700	700	1,000	51,300	49,400	1,900	1,065,300	1,020,100	45,200
101.44.6000.451 Parks	4,000	2,700	1,300	38,500	34,900	3,600	488,700	489,500	(800)
Total General Fund	67,100	51,500	15,600	949,100	914,700	34,400	4,164,900	3,864,700	300,200
204.44.6100.452 Recreation	6,200	8,600	(2,400)	38,400	33,700	4,700	56,900	51,600	5,300
205.44.6200.453 Community Center	19,900	21,900	(2,000)	61,400	60,700	700	159,300	130,400	28,900
290.45.3000.419 EDA	-	-	-	-	-	-	800	400	400
441.74.5900.741 Storm Water	-	-	-	-	-	-	-	-	-
501.50.7100.512 Water Fund	900	300	600	27,700	26,400	1,300	230,000	177,800	52,200
502.51.7200.514 Sewer Fund	900	300	600	20,000	19,600	400	186,500	178,400	8,100
503.52.8500.526 Inver Wood Golf Cours	-	-		54,600	62,600	(8,000)	65,800	75,100	(9,300)
601.57.9300.610 Compensated Absence	-	-	-	-	-	-	-	-	-
602.00.2100.415 Risk Management	-	-	-	-	-	-	-	-	-
603.00.5300.444 Central Equipment	-	-	-	-	-	-	8,000	6,100	1,900
604.00.2200.416 Central Stores	-	-	-	-	-	-	-	-	-
605.00.7500.460 City Facilities	-	-	-	-	-	-	29,400	15,000	14,400
606.00.1400.413 Technology Fund	-	-	-	-	-	-	-	-	-
454.43.5500.446 Landfill Abatement	-	-	-	-	-	-	-	-	-
Totals	95,000	82,600	12,400	1,151,200	1,117,700	33,500	4,901,600	4,499,500	402,100
	-			-					

CITY OF INVER GROVE HEIGHTS, MN
FUND BALANCE POLICY
ADMINISTRATIVE CODE CHAPTER LVIII
ADOPTED: June 22, 1998
REVISED: December 12, 2011
REVISED: September 22, 2014

POLICY

The City of Inver Grove Heights is accountable to its citizens to carefully account for public funds, to manage municipal finances prudently and to plan the adequate funding of City services including the provision and maintenance of public facilities and services. The City is also accountable for its short-term and long-term financial stability. The City must insure that it is capable of, and will continue to be capable of, adequately funding and providing local government services needed by the community. This fiscal policy provides the framework for the overall fiscal management of the fund balance of the City's General Fund.

I. PURPOSE

The purpose of this policy is to establish specific guidelines the City of Inver Grove Heights, MN will use to maintain an adequate level of fund balance to provide for cash flow requirements and contingency needs because major revenues, including property taxes and other government aids are received in the second half of the City's fiscal year.

The purpose of this policy is to also establish specific guidelines the City of Inver Grove Heights, MN will use to classify fund balances into a categories based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in these funds can be spent.

II. CLASSIFICATION OF FUND BALANCE/PROCEDURES

1. Nonspendable

- This category includes fund balance that cannot be spent because it is either (i) not in spendable form or (ii) is legally or contractually required to be maintained intact. Examples include inventories and prepaid amounts.

2. Restricted

- Fund balance should be reported as restricted when constraints placed on those resources are either (i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (ii) imposed by law through constitutional provisions or enabling legislation.

II. CLASSIFICATION OF FUND BALANCE/PROCEDURES – CONTINUED

3. **Committed**

- Fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit those amounts.

- The City's highest level of decision making authority (City Council) will annually or as deemed necessary commit specific revenue sources for specified purposes by resolution. This formal action must occur prior to the end of the reporting period, however, the amount to be subject to the constraint, may be determined in the subsequent period.

- To remove the constraint on specified use of committed resources the City Council shall pass a resolution

4. **Assigned**

- Amounts that are constrained by the government's intent to use for specified purposes, but are neither restricted nor committed. Assigned fund balance in the General fund includes amounts that are intended to be used for specific purposes.

- The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the City Administrator.

5. **Unassigned**

- Unassigned fund balance represents the residual classification for the General fund. Includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General fund. The General fund should be the only fund that reports a positive unassigned fund balance amount.

Minimum Fund Balance Policy

The City has a target unassigned fund balance in the General fund of 40-45% of expenditures in the subsequent year's budget of the General Fund. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs because major revenues, including property taxes and other government aids are received in the second half of the City's fiscal year.

If spending unrestricted fund balance in designated circumstances has reduced unrestricted fund balance to a point below the minimum targeted level, as noted above, the replenishment will be reviewed by the City Administrator and a recommendation will be brought forward to Council.

III. MONITORING AND REPORTING

The City Administrator shall annually prepare the status of fund balances in relation to this policy and present to the City Council in conjunction with the development of the annual budget.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1.) committed 2.) assigned and 3.) unassigned.

A negative residual amount may not be reported for restricted, committed, or assigned fund balances in the General fund.

City of Inver Grove Heights

Cash and Fund Balances/Net Position

All Funds
12/31/2016

Governmental Funds	Cash Balance	Fund Balance Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
101 - GENERAL FUND	$ 8,989,314	$ 15,799	$ -	$ -	$ -	$ 9,600,129	$ 9,615,928
SPECIAL REVENUE FUNDS							
201 - CONVENTION & VISITORS BUREAU	140,577	1,660	-	144,293	-	-	145,953
204 - RECREATION FUND	469,344	39	-	414,840	-	-	414,879
205 - COMMUNITY CENTER	296,762	1,000	-	-	-	(1,113,695)	(1,112,695)
290 - EDA OPERATIONS	85,792	188	-	83,927	-	-	84,115
291 - EDA ACQUISITIONS	(61,163)	-	-	77,337	-	-	77,337
DEBT SERVICE FUNDS							
326 - MSABC BONDS	-	-	-	-	-	-	-
349 - 2007B GO IMPROVEMENT BONDS	-	-	-	-	-	-	-
352 - 2008A GO IMPROVEMENT BONDS	-	-	-	-	-	-	-
353 - 2009A GO CAPITAL IMPROVEMENT BONDS	549,011	-	9,229,243	-	-	-	9,229,243
355 - 2010B GO IMPROVEMENT BONDS	1,108,488	-	1,135,655	-	-	-	1,135,655
356 - 2010C GO PIR REFUND BONDS	56,348	-	59,335	-	-	-	59,335
357 - 2010C GO WMTD REFUND BONDS	32,431	-	35,564	-	-	-	35,564
358 - 2011A GO REFUND. IMPROVEMENT BONDS	141,040	-	158,666	-	-	-	158,666
360 - 2012A GO STORM WATER REFUND BONDS	-	-	-	-	-	-	-
362 - 2014A GO IMPR REFUND BONDS (07B)	250,423	-	260,008	-	-	-	260,008
364 - 2014B GO IMPR REFUND BONDS (08A)	442,796	-	471,422	-	-	-	471,422
365 - 2015A GO IMPROVEMENT BONDS	680,806	-	733,081	-	-	-	733,081
367 - 2016A GO CAPITAL IMPROVEMENT BONDS	2,987	-	2,989	-	-	-	2,989
391 - 2014A GO TAX INCR REF BONDS (05B)	1,000	-	-	-	-	-	-
CAPITAL PROJECT FUNDS							
399 - CLOSED BOND FUND	2,264,848	-	-	-	2,281,481	-	2,281,481
400 - CAPITAL FACILITIES	591,371	-	-	-	595,212	-	595,212
401 - EQUIPMENT ACQUISITION	560,244	-	562,755	-	-	-	562,755
402 - PARK ACQUISITION & DEVELOPMENT	2,380,865	-	1,819,930	-	570,992	-	2,390,922
405 - TIF 2-1 NORTH SIDE WATER STORAGE	-	-	-	-	-	-	-
406 - STATE CONSTRUCTION AID	651,577	-	-	-	655,580	-	655,580
408 - CAPITAL IMPROVEMENT REVOLVING	394,566	-	-	-	396,405	-	396,405
420 - 2000 IMPROVEMENTS	(19,474)	-	-	-	-	(19,474)	(19,474)
421 - 2001 IMPROVEMENTS	(832,844)	-	-	-	-	(828,789)	(828,789)
423 - 2003 IMPROVEMENTS	15,506	-	15,576	-	-	-	15,576
424 - 2004 IMPROVEMENTS	(27,863)	-	-	-	-	(27,863)	(27,863)
425 - 2005 IMPROVEMENTS	419,058	-	466,457	-	-	-	466,457
427 - 2007 IMPROVEMENTS	(36,496)	-	-	-	-	(33,996)	(33,996)
428 - 2008 IMPROVEMENTS	(181,063)	-	-	-	-	(181,063)	(181,063)
429 - 2009 IMPROVEMENTS	(369,902)	-	-	-	-	(365,891)	(365,891)
430 - 2010 IMPROVEMENTS	155,775	-	156,466	-	-	-	156,466
431 - 2011 IMPROVEMENTS	(219,366)	-	-	-	-	(218,324)	(218,324)
432 - 2012 IMPROVEMENTS	(4,063)	-	-	-	-	(4,063)	(4,063)
433 - 2013 IMPROVEMENTS	3,298	-	3,309	-	-	-	3,309
434 - 2014 IMPROVEMENTS	(220,861)	-	-	-	-	(220,861)	(220,861)
435 - 2015 IMPROVEMENTS	(40,968)	-	-	-	-	(45,179)	(45,179)
436 - 2016 IMPROVEMENTS	368,420	-	-	-	-	(49,875)	(49,875)
440 - PAVEMENT MANAGEMENT PROGRAM	2,352,644	-	87,337	-	2,232,580	-	2,319,917
441 - STORM WATER MANAGEMENT	401,044	-	-	-	500,674	-	500,674
443 - TREE PRESERVATION	5,312	-	5,710	-	-	-	5,710
444 - PARKS CAPTIAL REPLACEMENT	1,080,499	-	1,084,752	-	-	-	1,084,752
445 - PERMANENT IMPROVEMENT REVOLVING	(43,922)	-	-	-	-	(43,497)	(43,497)
446 - NORTHWEST AREA IMPROVEMENTS	4,241,755	-	1,516,841	-	-	1,305,159	2,822,000
447 - ADA FUND	96,284	-	96,567	-	-	-	96,567
448 - NWA STORM WATER	1,083,023	-	-	-	1,087,532	-	1,087,532
450 - COMMUNITY PROJECTS	248,387	-	249,588	-	-	-	249,588
451 - HOST COMMUNITY FUND	2,361,417	-	-	-	3,569,052	-	3,569,052
453 - TIF 4-1 SE QUADRANT	1,686,720	-	1,627,240	-	-	-	1,627,240
454 - LANDFILL ABATEMENT	83,418	-	-	-	82,736	-	82,736
455 - TIF #5-1	(9,066)	-	(9,066)	-	-	-	(9,066)

City of Inver Grove Heights

Cash and Fund Balances/Net Position

All Funds
12/31/2016

Proprietary Funds	Cash Balance	Net Position: Net Investment in Capital Assets	Net Position: Unrestricted	Total Net Position
ENTERPRISE FUNDS				
501 - WATER UTILITY FUND	$ 2,595,623	$ 29,678,142	$ 6,002,819	$ 35,680,961
359 - 2012A GO WATER REVENUE REFUND BONDS	-	-	(1,026,551)	(1,026,551)
361 - 2012A WATER REVENUE REFUND BONDS	(41)	-	(2,322,060)	(2,322,060)
403 - WATER CONNECTION	225,555	-	237,216	237,216
442 - WATER SYSTEM IMPROVEMENTS	2,622,048	-	2,636,847	2,636,847
511 - NWA - WATER	4,403,432	-	4,350,085	4,350,085
502 - SEWER UTILITY FUND	4,746,764	12,878,573	20,109,624	32,988,197
350 - 2007C GO SEWER REVENUE BONDS	-	-	-	-
354 - 2010A GO SEWER REVENUE BONDS	-	-	(6,287,865)	(6,287,865)
363 - 2014B GO SEWER REVENUE REFUND BONDS	-	-	(4,898,439)	(4,898,439)
366 - 2015B GO SEWER REVENUE BONDS	-	-	(4,476,731)	(4,476,731)
404 - SEWER CONNECTION	904,458	-	927,657	927,657
512 - NWA - SEWER	638,765	-	529,139	529,139
503 - INVER WOOD GOLF COURSE	283,368	5,635,331	(2,384,482)	3,250,849
INTERNAL SERVICE FUNDS				
601 - COMPENSATED ABSENCES	1,657,597	-	-	-
602 - RISK MANAGEMENT	856,818	-	974,382	974,382
603 - CENTRAL EQUIPMENT	10,134,397	4,088,636	13,244,377	17,333,013
604 - CENTRAL STORES	493,759	-	487,960	487,960
605 - CITY FACILITIES	150,297	15,078,873	61,939	15,140,812
606 - TECHNOLOGY FUND	998,011	110,909	707,900	818,809

Fiduciary Funds	Cash Balance
702 - AGENCY ESCROW FUND	$ 990,171

<u>Interfund loans not reflected in above cash balances as they are intended to be repaid:</u>

Due from Golf Course to Central Equipment	$ 2,077,303	2015 equipment loan and 2016 improvement loan
Due from EDA to Host Community Fund	1,000,000	2012 Golf Course land purchase

City of Inver Grove Heights

Cash Balances

All Funds
7/31/2017

Governmental Funds	Cash Balance
101 - GENERAL FUND	$ 9,838,980
SPECIAL REVENUE FUNDS	
201 - CONVENTION & VISITORS BUREAU	158,971
204 - RECREATION FUND	472,573
205 - COMMUNITY CENTER	(29,387)
290 - EDA OPERATIONS	(30,664)
291 - EDA ACQUISITIONS	(22,265)
DEBT SERVICE FUNDS	
353 - 2009A GO CAPITAL IMPROVEMENT BONDS	8,841,516
355 - 2010B GO IMPROVEMENT BONDS	887,595
356 - 2010C GO PIR REFUND BONDS	38,417
357 - 2010C GO WMTD REFUND BONDS	2,131
358 - 2011A GO REFUND. IMPROVEMENT BONDS	84,206
360 - 2012A GO STORM WATER REFUND BONDS	(97,007)
362 - 2014A GO IMPR. REFUND BONDS (07B)	194,624
364 - 2014B GO IMPR. REFUND BONDS (08A)	281,771
365 - 2015A GO IMPROVEMENT BONDS	502,395
367 - GO CAPITAL IMPR REF BONDS, 2016A	2,999
CAPITAL PROJECT FUNDS	
399 - CLOSED BOND FUND	2,631,073
400 - CAPITAL FACILITIES	607,184
401 - EQUIPMENT ACQUISITION	571,289
402 - PARK ACQUISITION & DEVELOPMENT	2,366,540
406 - STATE CONSTRUCTION AID	668,201
408 - CAPITAL IMPROVEMENT REVOLVING	402,592
420 - 2000 IMPROVEMENTS	(12,347)
421 - 2001 IMPROVEMENTS	(787,540)
423 - 2003 IMPROVEMENTS	15,898
424 - 2004 IMPROVEMENTS	(27,863)
425 - 2005 IMPROVEMENTS	484,731
427 - 2007 IMPROVEMENTS	(36,496)
428 - 2008 IMPROVEMENTS	(136,609)
429 - 2009 IMPROVEMENTS	(307,351)
430 - 2010 IMPROVEMENTS	161,467
431 - 2011 IMPROVEMENTS	(208,164)
432 - 2012 IMPROVEMENTS	(2,880)
433 - 2013 IMPROVEMENTS	3,352
434 - 2014 IMPROVEMENTS	(225,155)

Governmental Funds (Continued)	Cash Balance
CAPITAL PROJECT FUNDS (Continued)	
435 - 2015 IMPROVEMENTS	(48,888)
436 - 2016 IMPROVEMENTS	(159,367)
437 - 2017 IMPROVEMENTS	(143,147)
440 - PAVEMENT MANAGEMENT PROGRAM	2,599,183
441 - STORM WATER MANAGEMENT	545,701
443 - TREE PRESERVATION	7,218
444 - PARKS CAPTIAL REPLACEMENT	1,099,622
445 - PERMANENT IMPROVEMENT REVOLVING	(3,727)
446 - NORTHWEST AREA IMPROVEMENTS	702,474
447 - ADA FUND	97,383
448 - NWA STORM WATER	1,135,731
449 - COMMUNITY PROPERTY	(5,255)
450 - COMMUNITY PROJECTS	242,890
451 - HOST COMMUNITY FUND	3,541,748
453 - TIF 4-1 SE QUADRANT	1,719,466
454 - LANDFILL ABATEMENT	70,132
455 - TIF 5-1	-

Proprietary Funds	Cash Balance
ENTERPRISE FUNDS	
501 - WATER UTILITY FUND	$ 3,030,676
361 - 2012A WATER REVENUE REFUND BONDS	(397,975)
403 - WATER CONNECTION	396,445
442 - WATER SYSTEM IMPROVEMENTS	2,684,380
511 - NWA - WATER	4,668,230
502 - SEWER UTILITY FUND	4,780,847
354 - 2010A GO SEWER REVENUE BONDS	5,712,779
366 - GO SEWER REVENUE BONDS, 2015B	(304,500)
368 - GO SEWER REVENUE REFUND 2017A	2,731
404 - SEWER CONNECTION	1,007,192
512 - NWA - SEWER	21,800
503 - INVER WOOD GOLF COURSE	413,327
INTERNAL SERVICE FUNDS	
601 - COMPENSATED ABSENCES	1,688,370
602 - RISK MANAGEMENT	923,008
603 - CENTRAL EQUIPMENT	9,605,286
604 - CENTRAL STORES	495,311
605 - CITY FACILITIES	168,005
606 - TECHNOLOGY FUND	1,105,072

Fiduciary Funds	Cash Balance
702 - AGENCY ESCROW FUND	$ 1,052,893
710 - INVESTMENT TRUST FUND	(397,391)

Debt Service

Bond	Project Name	Original Amount	12/31/2017 Bond Payable Balance	2018 Debt Payment	Final Maturity	7/31/17 Cash Balance	Certified Levy Amount	Increase (Reduction) in Levy	Contribution from Closed Bond Fund	Funding Sources*
City Share of Assessments	SA on city properties	2,177,555	1,017,785	205,074	10/15/27	-	205,074	-	-	Levy
2009A GO Cap. Impr. Bonds (Fund 353)	City Hall/Public Safety Remodel/Expansion	9,900,000	8,725,000	8,985,000	2/1/18	8,841,516	-	-	-	paid by escrow
2010B GO Impr. Bonds (Fund 355)	South Grove	4,885,000	3,080,000	119,688	2/1/27	887,595	285,684	(90,684)	-	Levy, SA
2010C PIR Refund Bonds (Fund 356)	Refund of 2002A (335), PIR	610,000	35,000	35,411	2/1/18	38,417	-	-	-	PIR
2010C Watershed Refund (Fund 357)	Simley Lake Watershed Mgmt	295,000	40,000	40,470	2/1/18	2,131	-	-	-	WMTD
2011A GO Impr. Refund Bonds (Fund 358)	Refund of 2006A (346), South Grove	1,075,000	165,000	166,650	2/1/18	84,206	-	-	-	SA
2011A GO Tax Increment Refund (Fund 389)	Refund of 2003D (Fund 386), TIF	3,430,000	1,115,000	573,150	2/1/19	-	-	-	-	TIF 4-1
2014B GO Impr. Refund Bonds (Fund 362)	Refund of 2007B (Fund 349), South Grove	680,000	325,000	169,850	2/1/19	194,624	97,114	(97,114)	-	Levy, SA
2014B GO Impr. Refund Bonds (Fund 364)	Refund of 2008A (Fund 352), South Grove	1,735,000	1,205,000	514,150	2/1/20	281,771	294,932	161,550	-	Levy, SA
2015A GO Impr. Bonds (Fund 365)	Argenta Trail Realignment and 47th St & Neighborhood St Reconstruction	7,745,000	7,345,000	666,350	2/1/31	502,395	637,068	45,414	-	Levy, SA
2016A GO Refund Cap Impr. Bonds (Fund 367)	Refund of 2009A (Fund 353), City Hall/Public Safety Remodel/Expansion	8,515,000	8,515,000	246,688	2/1/34	2,999	600,272	-	(200,000)	Levy, portion paid by escrow
Total		**$ 41,047,555**	**$ 31,567,785**	**$ 11,722,480**		**$ 10,835,654**	**$ 2,120,144**	**$ 19,166**	**$ (200,000)**	

Bond	Project Name	Original Amount	12/31/2017 Bond Payable Balance	2018 Debt Payment	Final Maturity	Funding Sources*
2010A GO Sewer Revenue (Fund 354)	NWA Sewer System	6,865,000	5,970,000	438,338	2/1/19	NWA Sewer
2012A GO Utility Revenue Refund (Fund 359)	Refund of 2004B (Fund 342), Water Revenue	2,365,000	480,000	484,800	2/1/18	Water
2012A GO Utility Revenue Refund (Fund 361)	Refund of 2006C (Fund 347), Water Revenue	2,950,000	1,910,000	405,100	2/1/22	Water, WCF
2014B GO Refunding (Fund 363)	Refund of 2007C (Fund 350), Sewer Revenue	5,015,000	4,655,000	426,988	2/1/29	NWA Sewer
2015B GO Sewer Revenue (Fund 366)	NWA Sewer System	4,185,000	4,025,000	361,800	2/1/31	NWA Sewer
2017A GO Sewer Revenue Refund (Fund 368)	Refund of 2010A (Fund 354), Sewer Revenue	5,685,000	5,685,000	159,825	2/1/36	NWA Sewer, paid by escrow
		$ 27,065,000	**$ 22,725,000**	**$ 2,276,850**		

2017 Debt Service Levies	Adjusted Levy Amt
City Share of Assessments	$ 205,074
2010B GO Impr. Bonds (Fund 355)	195,000
2014B GO Impr. Refund Bonds (Fund 364)	456,482
2015A GO Impr. Bonds (Fund 365)	682,482
2016A GO Refund Cap Impr. Bonds (Fund 367)	400,272
Total Debt Service Levies	**$ 1,939,310**

* Funding Sources
CBF - Closed Bond Fund
Levy - Debt Service Levy
PIR - Permanent Improvement Revolving Fund
SA - Special Assessments
WMTD - Watershed Management Taxing District Levy
Water - Water Enterprise Fund
WCF - Water Connection Fund
NWA Sewer - Northwest Area Sewer Enterprise Fund

AGENDA ITEM ___________

CITY OF INVER GROVE HEIGHTS — REQUEST FOR COUNCIL ACTION

Update on Emerald ash Borer Management Plan

Meeting Date:	September 6, 2017		**Fiscal/FTE Impact:**
Item Type:	Work Study Session	☐	None
Contact:	Eric Carlson – 651.450.2587	☐	Amount included in current budget
Prepared by:	Eric Carlson	☐	Budget amendment requested
Reviewed by:	Brian Swoboda	☐	FTE included in current complement
		X	Other

PURPOSE/ACTION REQUESTED

Provide direction to staff on the EAB Management Plan, and provide guidance on how to fund the $38,600 funding gap for completion of the plan.

SUMMARY

The EAB Management Plan (attached) was created in 2010 and identified 1,113 EAB trees on City property which are "maintained" and in the public ROW. To date we have removed a total of 447 trees and have 666 trees yet to be removed. We established a proactive 10-year plan to help the City manage the financial and work load implications EAB could/would have in our community.

Since 2010 when EAB was discovered in St. Paul, EAB has been found to be in the following communities in close proximity to Inver Grove Heights: Bloomington, Eagan, Mendota Heights, Apple Valley, West St. Paul and Hastings. EAB has been discovered in all of the counties making up the 7 county metro area with the exception of Carver County. The metro area, along with the SE corner of the State and the Duluth area are all under a quarantine which prohibits the transporting of ash tree debris.

Managed Public Property Ash Trees (252 trees remain)

Our approach in managing ash trees on public property has been to remove unhealthy or undesired ash trees and replace them with new trees species. Ash trees that remain today are thought to be in good health and not impacted by EAB. As ash trees deteriorate and become unhealthy they will be removed. In next 2-4 years it is highly likely that EAB will be discovered in Inver Grove Heights and the remaining trees on public property will need to be removed/replaced.

ROW Ash Trees (414 trees remain)

Our approach in managing ROW ash trees is to send a letter (copy attached) to property owners with an ash tree in the ROW and offering to remove the tree and stump and provide restoration at City expense. Some property owners have elected to have their ash tree removed while some have elected to keep the tree.

Unmanaged Public Property Ash Trees (unknown number of trees)

There are an unknown number of ash trees on public property in wooded areas owned by the City. As EAB enters the City it will become necessary for the City to remove these trees to remove any safety hazards diseased/dying trees present to the public. Funding has not been identified.

Funding

To remove the remaining 666 ash trees it will take approximately $264,600. Currently there is $226,000 between future transfers and available cash. We will need an additional $38,600 (not including inflation) to remove the remaining trees no matter what timeline we establish to do so. We are currently following established "Best Practices" for the management of EAB and our neighboring cities have a same/similar approach to EAB. If the Council chooses amend the EAB Management Plan we will still need to determine how to fund the remaining $38,600.

Emerald Ash Borer Management Plan

City of Inver Grove Heights

June 2010

City of Inver Grove Heights
Emerald Ash Borer
Management Plan

Purpose:
The City will take a proactive approach and spread the physical and fiscal costs associated with the outbreak of Emerald Ash Borer over a 10-year timeframe. The loss of ash trees in Inver Grove Heights will have a devastating effect on home values, quality of life and the environment. Our goal is to buffer that impact in advance by implementing current best arboricultural management activities.

Introduction:
The Emerald Ash Borer (EAB) is a non-native insect that was introduced to North America from Asia. It was discovered in the Detroit, Michigan / Windsor, Ontario area in 2002 and probably arrived in wood packing materials on cargo ships or airplanes. Despite eradication and suppression efforts, EAB has killed over 20 million Ash trees in Michigan, Ohio, Indiana, Illinois, Maryland and Ontario. EAB is a beetle that is smaller than a dime. The adult does very little damage. However, this is not the case with the larvae (immature stage) that feed on the inner bark of Ash trees. This feeding disrupts the tree's ability to transport water and nutrients. Larval feeding takes place over a period of years and eventually kills the infested tree. All species of Ash are susceptible. Because EAB is hard to detect, it can be present for years before an infestation is confirmed. There are currently no known control measures for EAB. This means that it has the potential of killing all of Ash trees throughout the United States and Canada. In Inver Grove Heights there are ash trees which compose the urban tree canopy within the park system, Inver Wood Golf Course, and other public property. There are Ash trees located within the right-of-way (ROW) growing as boulevard trees. There are also a large amount of Ash trees found on public natural areas and private property. It is possible that despite state and federal quarantines of infested regions, EAB may already be established in Inver Grove Heights.

Economic Impact:
Removing and reforesting Ash trees will be a tremendous physical and financial challenge for the City and private property owners. Utilizing a simple formula for removals, stumping and replanting a cost estimate can be determined. For example, consider an average removal cost of $200, (disposal, stump removal, and restoration) and an average replanting cost of $200. At these rates, the economic impact of losing 1,113 trees would be about $329,000.

At this time there are no known federal or state grant programs available to help assist the City in the removal and reforestation activities that will be necessary to combat this infestation.

Inform the Public:
In addition to utilizing TV & newspaper media relations, there are other means whereby the City can disseminate information about EAB. The most accessible are those that the City has direct control over. These include: "*Insights*", our newsletter, our web site, direct mail and cable TV.

The City of Inver Grove Heights must prepare and manage for the arrival of EAB on three fronts:

- Public property (i.e. parks, golf course, City Hall, Fire Stations, Water Treatment Plant etc.)
- Boulevard street trees within the right-of-way
- Private property trees

City of Inver Grove Heights
Ash Tree Inventory
May 2010

	Good		Fair		Poor		Total
	Tree Count	**Percentage**	**Tree Count**	**Percentage**	**Tree Count**	**Percentage**	
Park (mowed area)	368	41%	33	20%	11	24%	412
Inver Wood Golf Course	39	4%	2	1%	0	-	41
City Facilities	61	7%	17	11%	1	2%	79
Right-of-way (public)	439	48%	109	68%	33	74	581
Private property	-	-	-	-	-	-	Unknown
Total	**907**		**161**		**45**		**1,113**

The current evidence from Michigan and Ohio show that once EAB becomes established – it takes about five to ten years to infest and kill the majority of the ash trees in a city.

Public Property Trees:

1. The City will not plant any new ash trees on public property.
2. The City shall begin to remove any poor quality trees or trees in fair condition with major defects.
3. The City will continue to cooperate with the Minnesota Department of Agriculture and Minnesota Department of Natural Resources to establish EAB detection trees as needed on city property.
4. Ash trees in wooded areas will be left alone – unless by a bike path or structure and may cause harm if it falls. If it is an early EAB infestation we will be removing infested trees as needed to slow the spread to the community.
5. In mowed areas ash trees will be replaced.

Right-of-Way Trees:

1. The City will begin a policy of excluding any new ash trees on public right-of-way – with the recommendation that citizens and businesses discontinue the use of ash in new plantings.
2. The City will remove any boulevard ash tree at citizen request. Based on current City Ordinance (7-1-4), a new tree cannot be placed in the right-of-way.
3. The City will permit residents to chemically treat an ash tree in the public ROW under the conditions of hiring a licensed tree service that is bonded and insured, and that is a State of Minnesota Licensed Commercial Pesticide Applicator using state approved trunk injection pesticides only. By using trunk injections hopefully this reduces pesticide exposure to others and the environment overall. (Note: Chemical treatment would not preclude future removal of said ash tree if deemed necessary.)
4. The City will hire a contractor to begin to remove 10% of ash trees each year beginning with poor and fair quality trees. The removal shall include the complete removal of the tree, stump and ground restoration. All costs will be borne by the City of Inver Grove Heights.
5. Trees removed from the ROW will not be replaced.

Trees on Private Property:

1. There are many thousands of ash trees, large and small, on private property in Inver Grove Heights. No reliable inventory exists, and ash densities vary by neighborhood.
2. Property owners are urged to monitor for the EAB.
3. City of Inver Grove Heights Ordinance, Chapter 8 Diseased Trees, will be updated to reflect the Emerald Ash Borer threat. The same parameters concerning Dutch Elm Disease and Oak wilt are appropriate measures to slow the spread of EAB.
4. It would be prudent for residents to establish a relationship with an ISA Certified Arborist now in the event that ash evaluation or removal is desired. When residents call the City with questions they will be encouraged to consult with a ISA Certified Arborist that is insured and bonded. City staff will not inspect trees on private property.
5. The City also encourages residents to replace trees lost with species appropriate for the site, or to plant new trees in advance of EAB infestation and ash removal as a way of tree canopy cover and lessening the large economic and environmental impact of the Emerald Ash Borer.
6. The City will not treat or dispose of any trees found on private property.

Ordinances and Policies:

The City has Ordinances and policies that affect and outline what actions the City can take to manage diseased trees. Ordinance revisions will be recommended to the City Council as appropriate to address the infestation of EAB.

Title 5 Chapter 8

The diseased tree ordinance will be updated as necessary to include EAB.

Title 7 Chapter 1

Under current City Ordinance, trees are not permitted within 5' of the public ROW.

Development Plan Approval Process

Future approvals of development/redevelopment will include a condition stating that no ash trees shall be allowed as a condition of approval.

Structured Removal Plan:

The City will adopt a proactive "Structured Removal Plan" of ash trees, including those in decline, and that meets a set percentage of ash in anticipation of the larger loss of the entire ash population. The intent is to hopefully slow the spread of EAB by reducing host trees, thus, spreading out management costs over several years by avoiding a "spike" in diseased and dangerous trees.

Disposal:
The probable loss of thousands of ash trees creates several challenges for the City in regards to public trees as well as residents and commercial tree services dealing with private property trees.

In the early stages of infestation, care to slow down the spread of EAB is paramount not only for Inver Grove Heights, but to other communities and the state.

The most critical period for movement of confirmed EAB ash trees is the months of May - July. This is the period where adult beetles emerge from trees, begin feeding on foliage, move to even more trees, and lay their eggs. During this period, it is best to leave these trees standing and not chance the possible spread of EAB by transporting beetle infested wood to other areas. After this period, from about August 1st to April 30th each year, EAB trees can be removed and transported so long as they are promptly chipped to the required dimensions, less than 1"x1"x1" in any one dimension, effectively killing any EAB larvae.

The City will explore emergency marshalling yard(s)—suitable for on-site tub grinding--within areas of EAB confirmed trees that need to be removed in response to an emergency, such as clean up of a wind storm during the months when beetles are active. These yard(s) would be used to process all wood in the area, including public, and private from property owners and commercial tree services.

Reforestation:
The future expected loss of ROW, public and open space ash trees will require a massive reforestation effort. The benefits trees provide is broadly understood and includes cleaning our air, cooling our atmosphere, saving energy through shade and wind breaks, and making our city safer and more pleasant. Re-planting lost trees may be the most important part of the management plan because it will keep Inver Grove Heights a livable city for future generations.

One strategy to increase the number of new trees planted is to choose less expensive 1 ½ to 1 ¾ inch, bare root stock. This is becoming common practice in many communities. The loss of ash trees due to EAB will require an infusion of tree planting money.

Links to Websites with EAB Information:

- Minnesota Department of Agriculture
- University of Minnesota Department of Forest Resources
- Emerald Ash Borer Web site

Projected Budget Cost (Public):

City of Inver Grove Heights
Ash Tree Management
Estimated Costs
May 2010

	Trees	Removal @ $200/tree	Replacement @ $200/tree	Total
Park (mowed area)	412	$82,400	$82,400	**$164,800**
Inver Wood Golf Course	41	$8,200	$8,200	**$16,400**
City Facilities	79	$15,800	$15,800	**$31,600**
Right-of-way (public)	581	$116,200	NA	**$116,200**
Total	**1,113**	**$222,600**	**$106,400**	**$329,000**

August 2017

Resident
Address
Inver Grove Heights MN 55077

Subject: Ash Trees in the Public Right-of-Way

The Emerald Ash Borer (EAB) is an invasive beetle that is making its way across Minnesota infecting and killing ash trees. At this time, the confirmed infestation locations that are closest to the City of Inver Grove Heights are in St. Paul and Eagan. The City of Inver Grove Heights adopted an EAB Management Plan in 2010 which details how we will manage EAB. As a part of the plan, the city has begun reducing its ash tree population on city-owned property. It is our goal to remove as many ash trees as the budget allows over the next 10 years. This will help slow the spread of EAB and defer costs of removals over time. More information regarding EAB can be found on the city web site at www.invergroveheights.org.

You are receiving this letter because we have determined that your property has an ash tree located within the city-owned public right-of-way*. At this time, we are offering several options to help fight EAB and continue efforts towards our management plan. Please read each option carefully, and if you should have any questions please feel free to call or email us.

**The city owned right-of-way is the area that contains the public streets and public utilities. The right-of-way typically extends 10 to 15 feet behind the back of curb.*

Option A

Residents can request that the city remove an ash tree at city expense. We will inspect the tree to confirm that it is an ash that is eligible for removal. The tree will be added to the list of trees approved for removal. We will hire a contractor to remove a certain number of trees, remove the stumps and spread black dirt and grass seed at city expense, based on annual budget availability. Contact Lissa Kramer at 651-450-4309 or email her at lkramer@invergroveheights.org to schedule an inspection for possible ash tree removal. **Request for removal will be on a first come first serve basis. Calls must be received no later than September 15th, 2017.**

Option B

Residents can elect to treat ash trees found in the right-of-way adjacent to their private property **at their own expense** by consulting with a certified arborist. The city will not treat any ash trees found in the right-of-way. Should the ash tree become diseased or die, the city will schedule for its removal, remove the stump and spread black dirt and grass seed at city expense, based on annual budget availability

Option C

Residents can wait until the ash tree has become infected and dies. At this time, the tree will be removed and properly disposed of by the city. We will schedule for its removal, remove the stump and spread black dirt and grass seed at city expense, based on annual budget availability. In this case, the city will make the determination and inform property owner that the ash tree will be removed at city expense, prior to removal.

Ash Trees on Private Property

Residents should consult a certified arborist for treatment options. The city will not treat or dispose of any ash trees found on private property. Unfortunately, the city does not have the resources to provide individual advice to property owners.

****The city will not replace the removed ash tree and no new tree can be planted in the right-of-way by the property owner.**

AGENDA ITEM ___________

CITY OF INVER GROVE HEIGHTS **REQUEST FOR COUNCIL ACTION**

Arbor Pointe PUD Shared Street Light System

Meeting Date:	September 6, 2017
Item Type:	Worksession
Contact:	Scott D. Thureen, 651-450-2571
Prepared by:	Scott D. Thureen, Public Works Director
Reviewed by:	SDT

Fiscal/FTE Impact:

- [ ] None
- [ ] Amount included in current budget
- [ ] Budget amendment requested
- [ ] FTE included in current complement
- [ ] New FTE requested – N/A
- [ ] Other

SUMMARY

The City and the Arbor Pointe Master Association (APMA) share responsibility for the street lighting system along Broderick Boulevard, Brooks Boulevard, Cahill Avenue and Concord Boulevard within the Arbor Pointe PUD boundary (see attached map). That system of 63 street lights varies in age from 22 to 24 years. The street lights have 150 watt or 250 watt shoebox-style fixtures on painted steel poles. When the system was originally installed, the underground wiring was direct-buried with no conduit. The City has had many issues with the wiring system over the years.

Last year, the property manager for the APMA approached the City with a request to consider replacement of the system. Nine of the 33 poles the APMA is responsible for were corroding and they desired to replace them. In addition, they wanted to convert the luminaires from high pressure sodium to LED. The conversion could not happen unless the City would agree to convert the 30 lights in the system that it is responsible for, because the lights for the APMA and the City share meters.

At that time, there was also ongoing discussion concerning LED lighting and concerns over possible negative effects on people living near the lights. Since then, manufacturers have made changes to the products to address the concerns. In addition, Xcel Energy initiated a program to convert the street lights in its system to LED. All of the street lights with cobra head or shoe-box style fixtures were converted in Inver Grove Heights last year. I am aware of only one complaint that was received concerning the change.

City staff requested a cost estimate from Xcel for replacing the system. They provided four options (attached). The options provide for different combinations of payment method and pole type. The two payment options are the Standard Service Underground Rate and the Pre-Pay Option. The former costs much less than the latter initially, but much more for monthly operations and maintenance (O & M) charges for the same type of pole (30-foot-high direct bury fiberglass or aluminum). Over a 25-year period (assuming the current monthly O & M rate), the Standard Service Underground Rate with direct-bury fiberglass poles would be the least costly.

The APMA and the City would be responsible for the cost to remove all of the existing lighting system. Table 1 compares the cost of the four options (Note: it assumed 64 lights instead of the actual number, 63).

TABLE 1

Installation Payment Option (1)	Estimated Initial Cost	Current Monthly O & M Rate Per Luminaire (2)	Estimated 25-Year O & M Cost	Estimated Cost to Remove Existing System	Total Estimated 25-Year Cost
1A	$267,847	$18.92	$363,264	$64,122	$695,233
1B	$308,452	$18.92	$363,264	$64,122	$735,838
2A	$571,093	$4.89	$93,880	$64,122	$729,095
2B	$760,235	$4.89	$93,880	$64,122	$918,237

(1) 1 = Standard Service Underground Rate
2 = Pre-Pay Option
A = Direct-bury Fiberglass Poles
B = Base-mounted Aluminum Poles

(2) The current system uses two different wattage luminaires (150 watt and 250 watt). The Xcel estimate assumes LED replacements for 150 watt luminaires. The monthly O & M cost per luminaire for 250 watt replacements would be $21.87. The City would need to determine if the lower wattage luminaires would be adequate (i.e., provide the desired level of lighting).

The City's share of the estimated initial cost would range from:

30/63 ($267,847 + $64,122) = $158,081
30/63 ($760,235 + $64,122) = $392,551

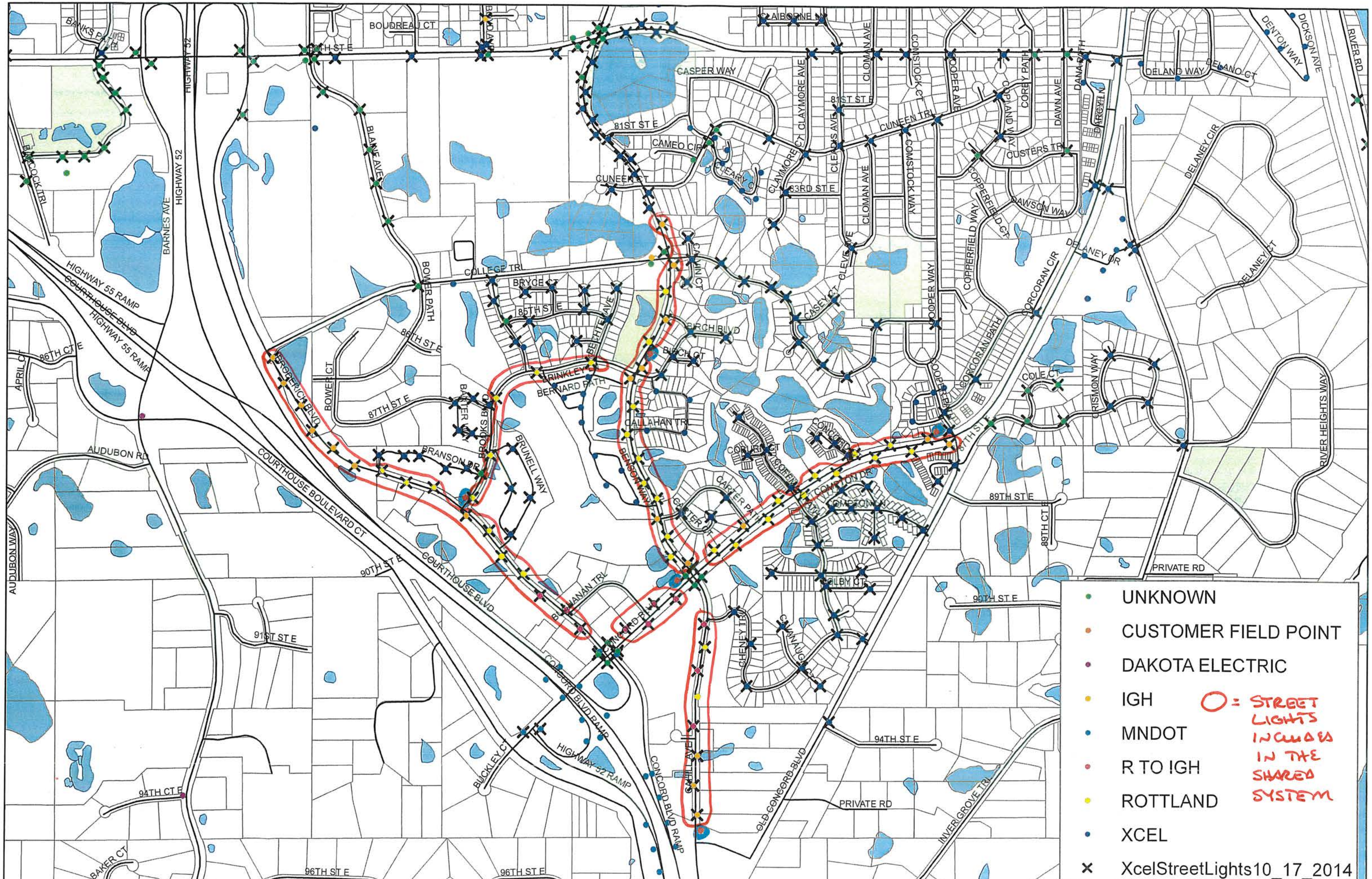
The City's estimated annual O & M cost (at current rates) would be either:

30 lights ($18.92/light/month)(12 months) = $6,812
30 lights ($4.89/light/month)(12 months) = $1,761

The property manager for the APMA has indicated that the Board prefers Option 1A, but that it would accept Option 1B if that was desired by the City.

If the Council desires to proceed with a project, a feasibility study would need to be authorized and a funding source for the system replacement would need to be determined.

SDT/kf
Attachments: Map of shared system
Xcel cost estimate


UNKNOWN
CUSTOMER FIELD POINT
DAKOTA ELECTRIC
IGH
MNDOT
R TO IGH
ROTTLAND
XCEL
XcelStreetLights10_17_2014
O = STREET LIGHTS INCLUDED IN THE SHARED SYSTEM
BOUDREAU CT
CLAIBORNE
CASPER WAY
81ST ST E
CAMEO CIR
CUNEEN CT
83RD ST E
CUNEEN TRL
CUSTERS TRL
DAWSON WAY
DELAND WAY
DELANO CT
DENTON WAY
DICKSON AVE
RIVER RD
DELANEY CIR
DELANEY DR
DELANEY CT
CORCORAN CIR
CORCORAN PATH
COPPERFIELD WAY
COPPERFIELD CT
COLE CT
CRISMON WAY
RIVER HEIGHTS WAY
89TH ST E
89TH CT E
PRIVATE RD
90TH ST E
94TH ST E
INVER GROVE TRL
OLD CONCORD BLVD
HIGHWAY 52
BARNES AVE
BANKS PATH
BABCOCK TRL
BLAINE AVE
BOWER PATH
COLLEGE TRL
BRYCE CT
85TH ST E
86TH ST E
BIRCH BLVD
BIRCH CT
BRINKLEY
BERNARD PATH
CALLAHAN TRL
BENSON WAY
CARTER PATH
COMPTON DR
CONCORD
COLBY CT
CHENEY TRL
CAVANAUGH
BRODERICK BLVD
BOWER CT
87TH ST E
BRANSON DR
BROOKS BLVD
BRUNELL WAY
BUCHANAN TRL
HIGHWAY 55 RAMP
COURTHOUSE BLVD
COURTHOUSE BOULEVARD CT
AUDUBON RD
AUDUBON WAY
APRIL CT
86TH CT E
90TH ST E
91ST ST E
CONCORD BLVD RAMP
HIGHWAY 52 RAMP
BUCKLEY CT
94TH CT E
BAKER CT
96TH ST E

Scott Thureen

From: Adesoro, Angela M <angela.m.adesoro@xcelenergy.com>
Sent: Monday, May 22, 2017 2:23 PM
To: Scott Thureen
Cc: Erickson, Damon G
Subject: Re: Cost estimate for replacing street lighting system in Arbor Pointe (Inver Grove Heights) (Cost Information Provided)
Attachments: MN Rate Book Rate Code A30 effective 05-08-16.pdf; MN Rate Book Rules for Application effective 11-01-15.pdf

Good Afternoon Scott – Below is the cost to install streetlights at Broderick, Brooks, Cahill, and Concord. This fixture and pole combination can be installed under either our Standard Service Underground or Pre-Pay Option. The cost is also shown for direct buried fiberglass poles or base mounted aluminum poles. We used direct buried fiberglass poles on Cahill just north of this project with our shoebox fixtures.

If you have any questions please let me know. Thank you.

1. The Standard Service Underground option upfront installation cost is - **$267,847.00**.
   The monthly standard service underground rate (A30) 50-75W LED per luminaire is - **$18.92**.
   The monthly Standard Service Underground rate includes electricity and maintenance for as long as the customer requests.
   Install 64-50-75W LED (6,000 Lumens) cobra fixtures on 30' direct buried fiberglass poles.
   Install by direct bore approx. 15,400' of #6 AL DX in 1½" conduit.
   Any existing customer owned streetlights which are no longer needed are to be removed by the customer and is not part of this bid.
   Restoration is not included.

2. The Standard Service Underground option upfront installation cost is - **$308,452.00**.
   The monthly standard service underground rate (A30) 50-75W LED per luminaire is - **$18.92**.
   The monthly Standard Service Underground rate includes electricity and maintenance for as long as the customer requests.
   Install 64-50-75W LED (6,000 Lumens) cobra fixtures on 30' base mounted aluminum poles.
   Install by direct bore approx. 15,400' of #6 CU wires in 1½" conduit.
   Any existing customer owned streetlights which are no longer needed are to be removed by the customer and is not part of this bid.
   Restoration is not included.

3. The Pre-Pay Option upfront installation cost is - **$571,092.60**.
   The monthly pre-pay option rate (A30) 50-75W LED per luminaire is - **$4.89**.
   The monthly Pre-Pay Option rate includes electricity and maintenance for 25 years from installation.
   Install 64-50-75W LED (6,000 Lumens) cobra fixtures on 30' direct buried fiberglass poles.
   Install by direct bore approx. 15,400' of #6 AL DX in 1½" conduit.
   Any existing customer owned streetlights which are no longer needed are to be removed by the customer and is not part of this bid.
   Restoration is not included.

4. The Pre-Pay Option upfront installation cost is - **$760,234.80**.
   The monthly pre-pay option rate (A30) 50-75W LED per luminaire is - **$4.89**.
   The monthly Pre-Pay Option rate includes electricity and maintenance for 25 years from installation.

Install 64-50-75W LED (6,000 Lumens) cobra fixtures on 30' base mounted aluminum poles.
Install by direct bore approx. 15,400' of #6 CU wires in 1½" conduit.
Any existing customer owned streetlights which are no longer needed are to be removed by the customer and is not part of this bid.
Restoration is not included.

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AGENDA ITEM 4

CITY OF INVER GROVE HEIGHTS **REQUEST FOR COUNCIL ACTION**

Pavement Management Program (PMP) Discussion

Meeting Date:	September 6, 2017		**Fiscal/FTE Impact:**
Item Type:	Worksession	☐	None
Contact:	Scott D. Thureen, 651.450.2571	☐	Amount included in current budget
Prepared by:	Scott D. Thureen, Public Works Director	☐	Budget amendment requested
Reviewed by:	SDT	☐	FTE included in current complement
		☐	New FTE requested – N/A
		☐	Other:

PURPOSE/ACTION REQUESTED

Discuss PMP challenges and provide direction to staff with regard to programmatic changes.

Introduction

The issue of funding for the Pavement Management Program (PMP) was the top priority for the Public Works Department in the presentation to the City Council in April of this year. As noted in that presentation, approximately 16 percent of the existing City street system has a marginal condition rating and approximately 40 percent of the existing street system has a poor condition rating (see Exhibit 1). Streets with a marginal rating are potential mill and overlay candidates, and streets with a poor rating are reconstruction candidates.

The results from the latest update of the ICON rating for the entire street system, presented for the urban street system and the rural street system, are shown below:

	Urban Lane Miles	Rural Lane Miles
Good	114.6	17.6
Marginal	44.5	4.9
Poor	59.4	60.5
Total	**218.5**	**83.0**

In 2013, geotechnical testing of a sampling of streets that the ICON program identified for a mill and overlay over the next five years showed that many needed to be reconstructed. The level of pavement deterioration and the condition of the underlying soils ruled out the use of a mill and overlay.

History of the PMP

- Pavement Management Program (PMP) adopted in 2001 with a goal of keeping the street system Pavement Condition Index (PCI) value at or above 70, on a 100-point system (see Exhibit 2).

- Prior maintenance program consisted of crackseals, sealcoats, and one neighborhood project that included mill and overlay and reconstruction.

- Initial funding projection called for an annual City contribution of $1,250,000.

- Annual funding started at $200,000 and increased to $1,200,000 by 2007.
- City funding was reduced to $500,000 in 2013.
- City funding was increased to $1,200,000 in 2015.
- City funding was increased to $1,400,000 in 2016.
- Average annual total cost of all PMP projects for 2005-2016 was $3,663,899.

Future Needs

The street system size (currently about 301 lane miles) is expected to increase by 20 to 25 percent by the time the City is fully developed.

The 2017 update of the 30-year projected PMP needs resulted in projected average annual funding need of $11.3 million (see Exhibit 3). This is a significant increase from the estimate presented in the 2013 update that projected an average annual funding need of $7,500,000. While the model results are only a projection, the trend that they show is accurate. Exhibits 4 and 5 show the projection for the urban street system and the rural street system separately.

Current funding sources for PMP projects include an annual transfer from the General Fund of $1,665,000; an annual allocation of Municipal State Aid (MSA) Funds of $1,568,000 for work done on MSA streets (or the City's share of costs for work on County State Aid Highways); and special assessments. The current plan for use of the annual MSA allocation results in no MSA funds being available for the PMP until 2021.

Issues

In recent years, two issues have arisen with regard to funding PMP projects. First, the recommended assessment amount determined from a benefit analysis by a property appraiser has been far below the assessment amount called for in the City's assessment policy. Second, even with a recommendation of the lower recommended assessment amount in the benefit analysis, there has been strong resistance to the amount by residents, resulting in a final assessment amount that was reduced further. This is creating a greater funding problem.

Staff have taken steps to reduce the PMP project cost; and thus, the assessments. When assembling a funding package for a PMP project, the cost for any water or sanitary sewer work is placed in a separate project and funded from the Water Fund and the Sewer Fund.

At the August 14, 2017 public hearing to consider franchise fees, a resident presented the idea of funding the drainage-related portion of the reconstruction project costs using the Storm Water Utility Fund. The goal was to reduce special assessments for PMP projects.

Their idea follows the aforementioned practice of moving all water and sanitary sewer work associated with a reconstruction project to a separate project, funded from the respective utilities. This was presented as a suggested use for Storm Water Utility Funds at the time the City Council was deciding whether or not to establish a Storm Water Utility. Unfortunately, the current fees for the utility would need to be quadrupled to cover our current operating costs, maintenance/repair projects on the existing storm water management system and assist with funding the drainage component of PMP projects.

The portion of the project costs covered by special assessments needs to be held as close to the policy amount as possible if we intend to stop the continuing decline in the street system's condition. The PMP was originally adopted because, if followed, it would result in a lower life-cycle cost for the street system (the analysis estimated a 10- to 15-percent savings). For various reasons, the necessary funding level has not been attained, and the overall condition of the City's street system continues to decline.

Potential Program Changes

While the increase in funding from adoption of a franchise fee would help the program, we may want to consider some additional programmatic changes to address the large number of streets that are in poor condition.

In 2013, we experimented with what we call "broad area patching". We were trying to find a quicker, more effective method of dealing with rural cross-section streets that were requiring multiple trips by maintenance crews each year to patch potholes and bad pavement areas. It was also hoped that broad area patching would serve as a stop-gap and provide four or five years of additional service life; allowing us to focus the PMP on other areas of the City where broad area patching was not an option. We modified our process through the first two years of the broad area patching program to increase the thickness of the patch. Now, we feel that we can extend the service life of broad area patching streets by seven or more years. The current 2018 budget request asks for an additional $30,000 to purchase bituminous mix for the portion of the broad area patching program performed by City staff.

This summer, a resident in one of the neighborhoods where we installed a broad area patch voiced a concern over the cost effectiveness of having City crews do the work. They presented calculations that showed it would be cheaper to hire a contractor to do the work. The cost for the City staff and equipment is a budget expense regardless of what the staff do. So, the matter becomes an issue of resource allocation. With the current budget, we accomplish more broad area patching if our crew does a portion of the work. We feel that keeping as much of the street mileage as possible in reasonable condition is a high priority. If the budget for contract work could be increased, so we could accomplish the same amount of broad area patching each year, we would gladly redirect our crews to address other tasks that are not being accomplished as soon as desired due to the focus on patching.

The contract cost for broad area patching is approximately $0.80 per square feet of street surface. A rural reconstruction project would cost approximately $4.00 per square feet of street surface. The broad area patching would reduce the cost of the rural reconstruction because the material used for the patching could be recycled in place as part of the reconstruction project. In effect, the broad area patching is subsidizing rural street reconstruction because the City is paying for more of the material that will be used when the streets are finally reconstructed. This should be recognized when there are requests to reduce assessments for rural reconstruction projects on streets that receive broad area patching.

An additional change that could be considered is adding complete removal and replacement of the bituminous pavement to our list of PMP options. If a geotechnical analysis showed that the material below the pavement was adequate, this method would provide a 20- to 25-year life for some of the pavement that is in too poor a condition to mill and overlay. We would need to conduct borings on about 70 lane miles of streets to assess the viability of this option. The benefit of using this option would be providing a new street surface at less than half the cost of a full reconstruction. While it would increase the life cycle cost for a street, it would allow us to improve more lane miles each year with the funding currently provided.

Our current per-square-foot of street surface cost estimate for each practice is shown below:

Broad area patching	$0.80
Rural reconstruction	$4.00
Mill and overlay	$2.70
Urban full depth pavement removal and replacement	$4.55
Urban partial urban reconstruction	$9.10
Urban full reconstruction	$12.90

Staff requests Council direction with regard to the use of broad area patching and with regard to preparing a request for proposal for geotechnical services to assess the viability of complete bituminous pavement removal and replacement versus a complete reconstruction. This information will allow staff to develop a plan that considers maximizing the number of lane miles of streets addressed by the PMP annually.

SDT/kf
Attachments: Exhibits 1 through 5

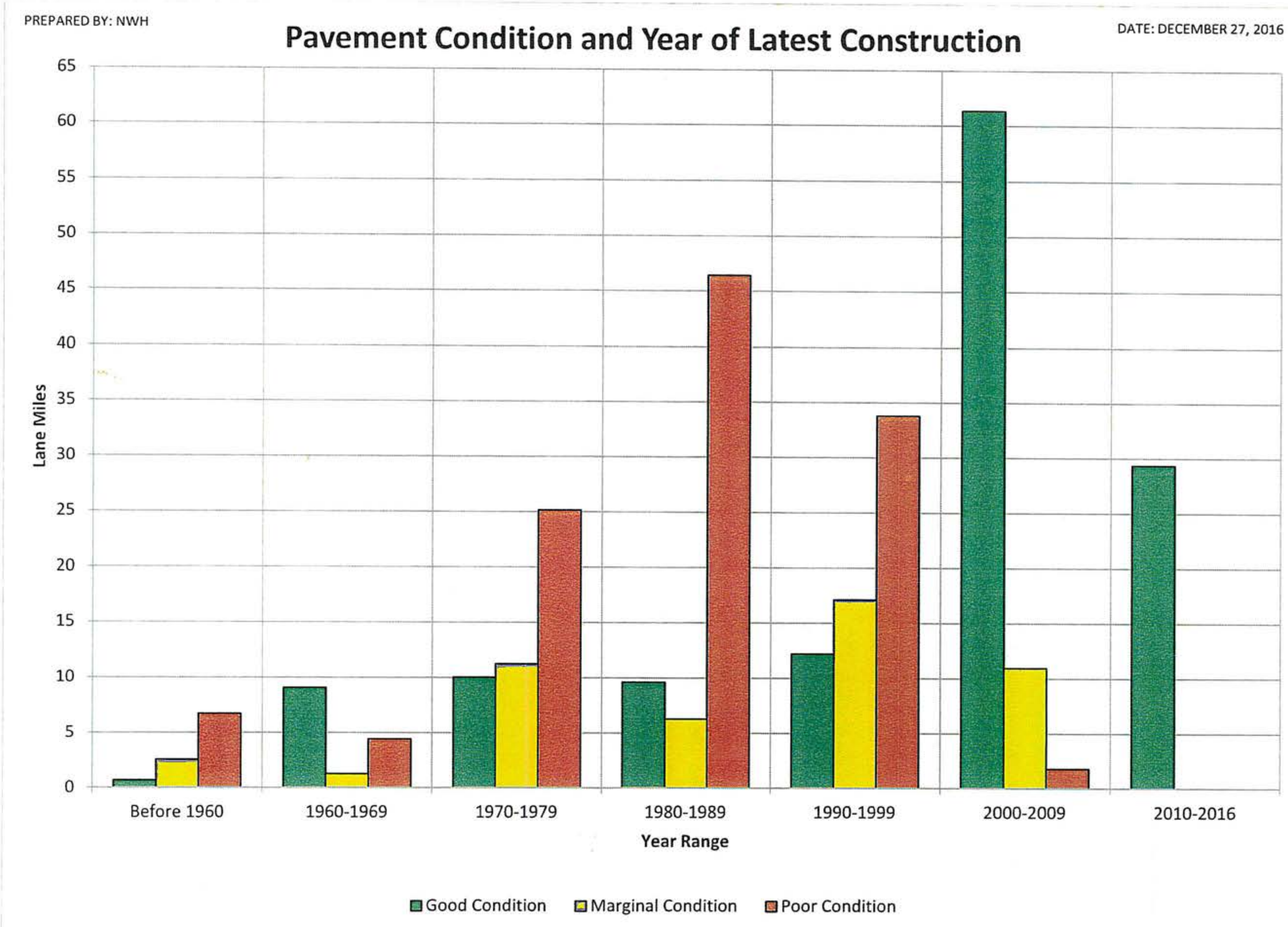
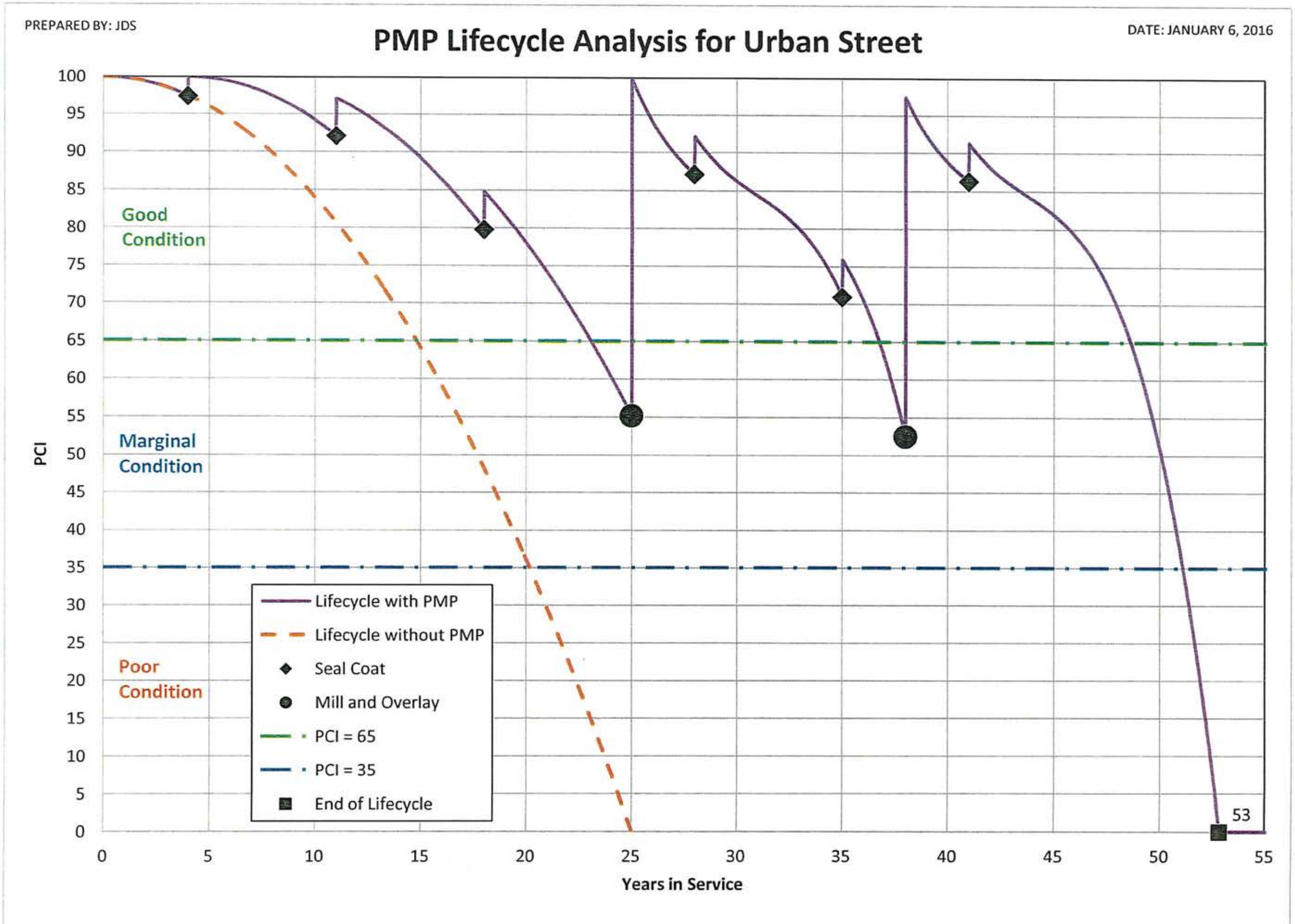
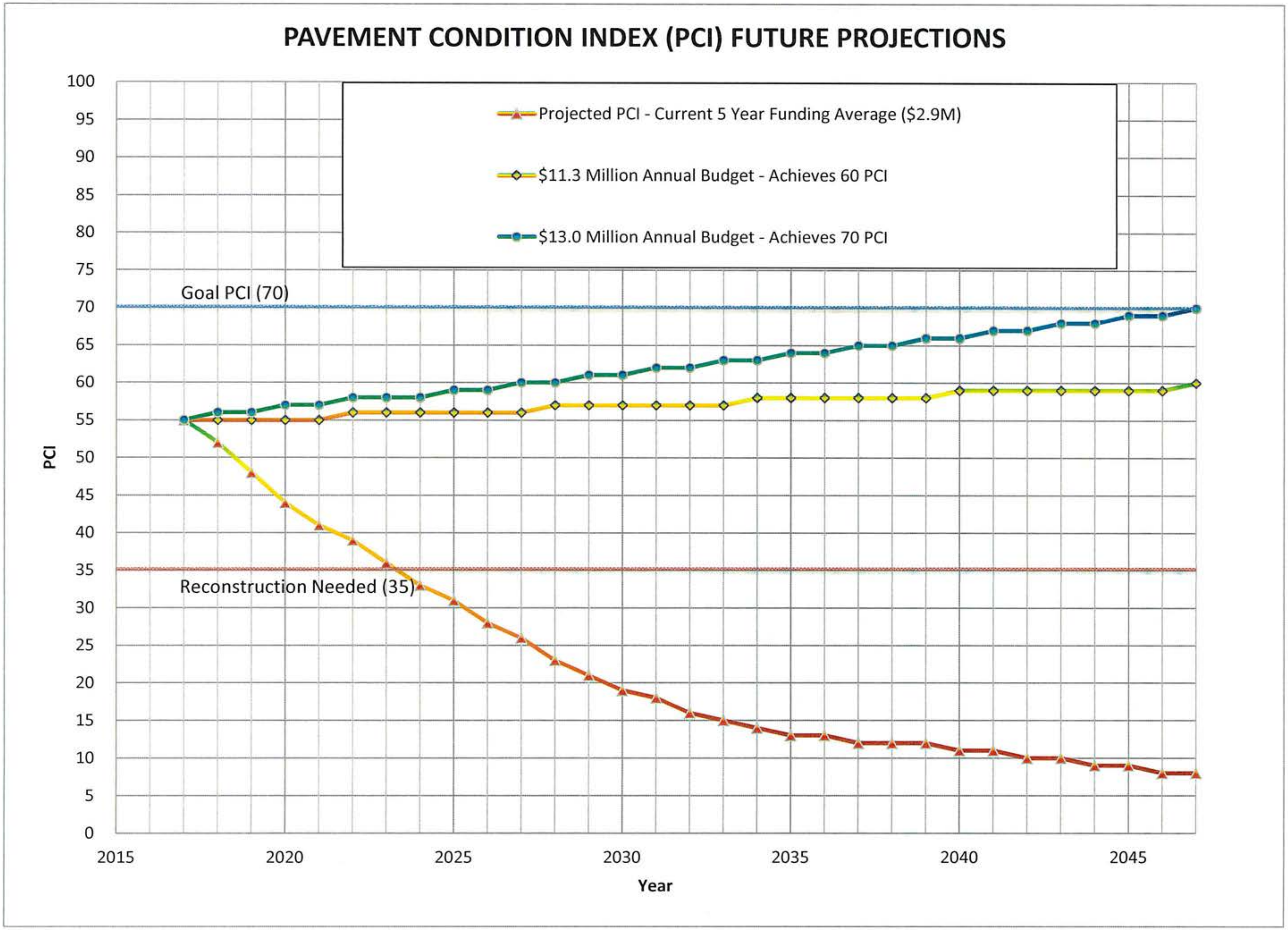

PREPARED BY: NWH
Pavement Condition and Year of Latest Construction
DATE: DECEMBER 27, 2016
Lane Miles
65
60
55
50
45
40
35
30
25
20
15
10
5
0
Before 1960
1960-1969
1970-1979
1980-1989
1990-1999
2000-2009
2010-2016
Year Range
Good Condition
Marginal Condition
Poor Condition

EXHIBIT 1



PREPARED BY: JDS
PMP Lifecycle Analysis for Urban Street
DATE: JANUARY 6, 2016
PCI
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
Good Condition
Marginal Condition
Poor Condition
Lifecycle with PMP
Lifecycle without PMP
Seal Coat
Mill and Overlay
PCI = 65
PCI = 35
End of Lifecycle
53
0
5
10
15
20
25
30
35
40
45
50
55
Years in Service

EXHIBIT 2



PAVEMENT CONDITION INDEX (PCI) FUTURE PROJECTIONS
Projected PCI - Current 5 Year Funding Average ($2.9M)
$11.3 Million Annual Budget - Achieves 60 PCI
$13.0 Million Annual Budget - Achieves 70 PCI
Goal PCI (70)
Reconstruction Needed (35)
PCI
Year
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
2015
2020
2025
2030
2035
2040
2045

EXHIBIT 3

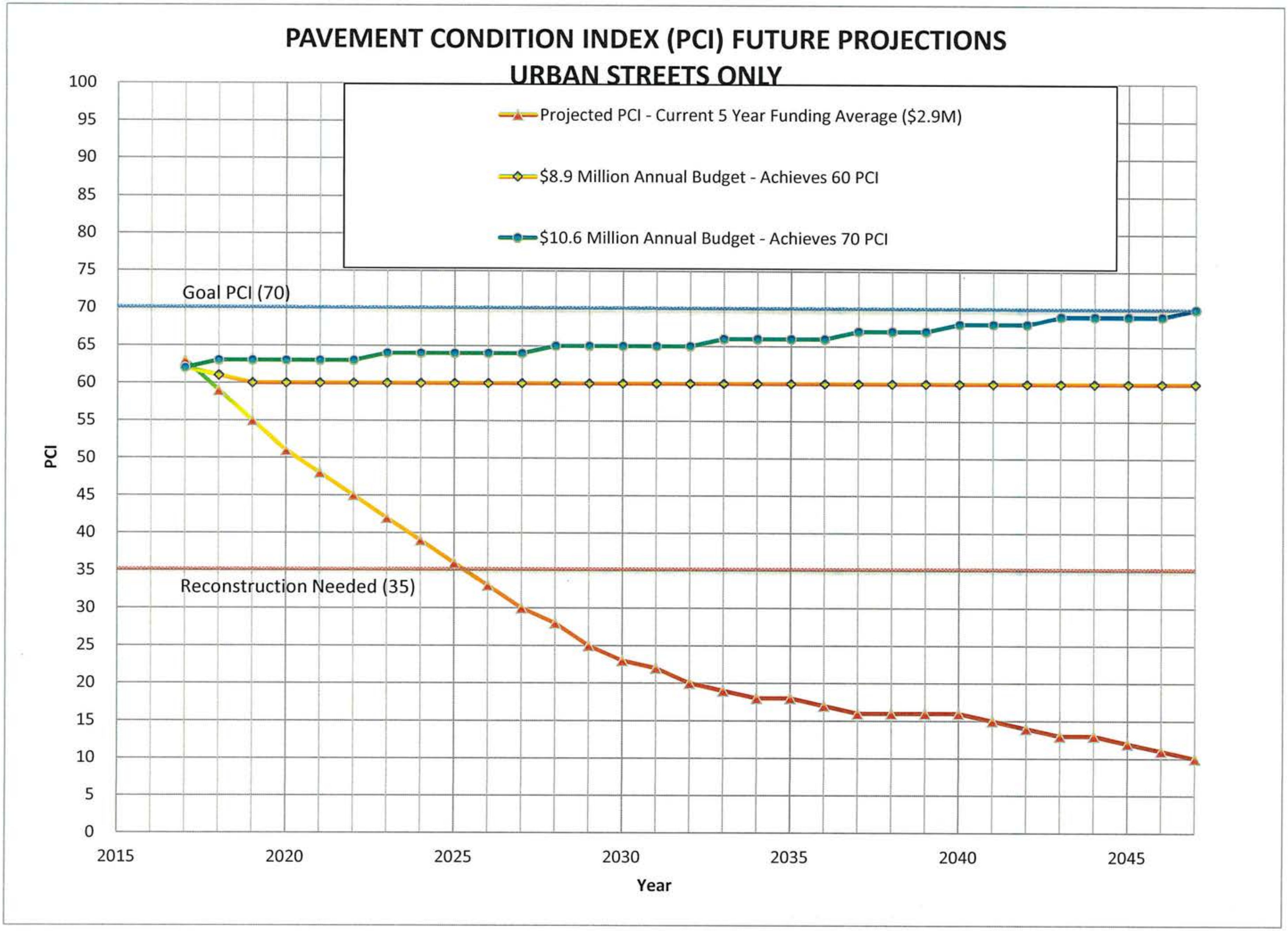

PAVEMENT CONDITION INDEX (PCI) FUTURE PROJECTIONS
URBAN STREETS ONLY
Projected PCI - Current 5 Year Funding Average ($2.9M)
$8.9 Million Annual Budget - Achieves 60 PCI
$10.6 Million Annual Budget - Achieves 70 PCI
Goal PCI (70)
Reconstruction Needed (35)
PCI
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
2015
2020
2025
2030
2035
2040
2045
Year

EXHIBIT 4

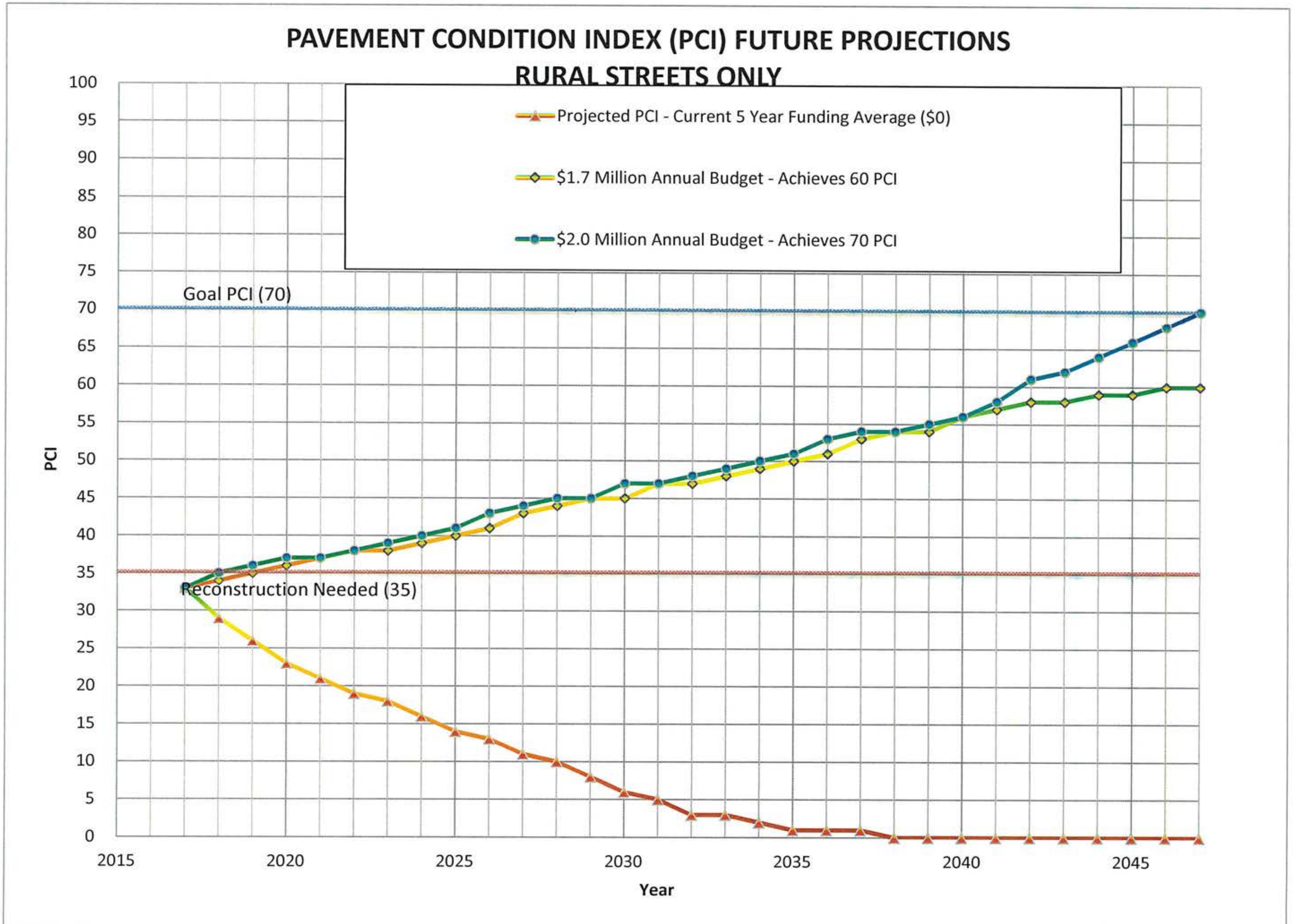

PAVEMENT CONDITION INDEX (PCI) FUTURE PROJECTIONS
RURAL STREETS ONLY
Projected PCI - Current 5 Year Funding Average ($0)
$1.7 Million Annual Budget - Achieves 60 PCI
$2.0 Million Annual Budget - Achieves 70 PCI
Goal PCI (70)
Reconstruction Needed (35)
PCI
Year
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
2015
2020
2025
2030
2035
2040
2045

EXHIBIT 5